TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

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COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

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SAMUEL W. McCALL.
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WILLIAM K. PAYNE, *Clerk*.

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TARIFF HEARINGS.

TUESDAY, *November 10, 1908.*

The CHAIRMAN. Gentlemen, the hearings will commence at half past 9 in the morning and continue until 1 o'clock, when a recess will be taken until 2 o'clock. The hearings will then be resumed in the afternoon at 2 o'clock, and if it becomes necessary to take a recess at 6 o'clock, the committee can do so and continue the hearings at 8 o'clock.

The opening hearing this morning, as you are aware, is upon the Chemical Schedule of the tariff, and it is the desire of the committee to hear the parties interested and others who may desire to speak on the subject embraced in the schedule, and also concerning the chemicals on the free list, and so with each paragraph of the bill as we proceed, so that the discussion may continue intelligently, involving every item connected with the subject.

The committee has no apologies to make for the bad acoustics of the hall, as we have nothing to do with that feature. We hope the people in attendance will be able to hear, and I would caution those in attendance that they speak in a sufficiently loud tone of voice that the committee can hear.

STATEMENT OF MR. JOHN F. QUEENY, REPRESENTING THE MONSANTO CHEMICAL WORKS, ST. LOUIS, MO.

The CHAIRMAN. Mr. Queeny, of St. Louis, desires to be heard.

Mr. QUEENY. I am hardly prepared to say what I want to say, but the first thing I want to call your attention to is acid—chloro sulphonic. Chloro-sulphonic acid at the present time is not on the schedule at all. It is not manufactured in this country, nor is it likely to be, for the reason that it is used very largely in Germany in the manufacture of patented dyes—sulphur dyes that are patented. We wish to import the article for the manufacture of saccharine. We tried it for two years, paying the duty that the appraisers assessed it at (25 per cent), which included not only the duty on the acid but also on the drum. We were compelled to shut down six months ago because we could not stand the competition with Germany. It is not used for anything else in this country except that purpose. Our consumption amounts to about 250 tons a year.

Chloro-sulphonic acid, as the name indicates, is a mixture or compound of sulphuric and muriatic acid. Sulphuric acid is assessed at one-fourth a cent a pound. Muriatic acid is free. When we tried to import the chloro-sulphonic acid on the basis of muriatic acid, the appraisers shut it out and appraised it at 25 per cent, not only on the acid, but on the drum. We can not import it on that basis.

I make application to have it especially provided for on the free list. We have tendered the acid manufacturers an order for 600 tons, 200 tons for three years, but they say the demand is not sufficient for them to undertake this manufacture, and consequently they will not accept the order. If any manufacturer in this country would make it, we would be all right, but with the present 25 per cent duty we can not touch it. We shut down six months ago, after having tried it for two years, with a heavy loss to ourselves. The article is not likely to be made in this country because it is used in Germany in a very large way in the manufacture of sulphur dyes which are patented and not manufactured in this country.

The CHAIRMAN. I understand you to say, Mr. Queeny, that the difficulty of meeting foreign and German competition has been for the past six months.

Mr. QUEENY. No, sir. We shut down six months ago. We tried it for two years and imported about 400 tons.

The CHAIRMAN. When did you commence the manufacture?

Mr. QUEENY. We commenced the manufacture of the intermediate product, into which this enters, two years ago last January.

The CHAIRMAN. And you continued until six months ago?

Mr. QUEENY. We continued it for two years at big loss to ourselves. Twenty per cent duty, which is the duty on coal tar preperations, not medicinal, can be paid, and yet you can import it cheaper by 30 per cent than it can be manufactured in this country.

The CHAIRMAN. How much would you use in this country?

Mr. QUEENY. We imported about 200 tons.

The CHAIRMAN. Do you import all of it?

Mr. QUEENY. We import all of it. There is no other use for it.

The CHAIRMAN. What industries use it?

Mr. QUEENY. In Germany it enters into sulphur dyes which are patented in that country and can not be made in this country; consequently the use there, in addition to the use for the manufacture of saccharine, is very large, whereas in this country it can only be used in the manufacture of the intermediate product called "saccharine."

The CHAIRMAN. How do you get the information by which you come to the conclusion that you can not make it under the present duty unless 30 per cent is added?

Mr. QUEENY. Because we placed our contract with the German manufacturers for that intermediate product for the coming year. We had to give it up.

The CHAIRMAN. Is there any change in the price now and the price two years ago?

Mr. QUEENY. It is a trifle cheaper. You mean the price of the product into which this enters?

The CHAIRMAN. Yes.

Mr. QUEENY. No. It is the same price, but the acid is a trifle cheaper. We got the benefit of the reduction in the last year's importation, but even with that we were at a disadvantage. The freight and the duty put us out of business in that article.

Mr. DALZELL. I understand this is not in the present tariff at all.

Mr. QUEENY. It is not provided for at all.

Mr. DALZELL. What you want to do is to have it inserted, and have it put on the free list?

Mr. QUEENY. Yes; to have it especially provided for.

Mr. BOUTELL. Under what schedule is the 25 per cent duty now?

Mr. QUEENY. Under chemical compounds—the general blanket schedule of 25 per cent on chemical compounds. We pay duty not only on the acid, but on the drums. That is, under the ad valorem rate that applies to the packages as well as the contents.

Mr. UNDERWOOD. What finished product is this for?

Mr. QUEENY. Saccharine.

Mr. UNDERWOOD. If this were put on the free list, would that enable a reduction to be made on the finished product?

Mr. QUEENY. A reduction can be made on the finished product now, because the duty is equal to the selling price to-day. That is especially provided for. The competition in this country by the German manufacturers and their representatives in this country keeps the price of saccharine—the finished product—down to its present figure.

Mr. UNDERWOOD. If you made a reduction, then, on the finished product equal to the amount gained by putting this particular chemical under a duty——

Mr. QUEENY. It so happens that the duty cuts no figure in the selling price at all, because the duty is $1.50 a pound and the selling price is $1.50 a pound, so that the duty on saccharine could be reduced if thought advisable. But I am making application just for the crude material with which to manufacture the article; and as I say, we had to shut down our plant six months ago because we could not afford to continue the manufacture.

Mr. UNDERWOOD. By putting this chemical on the free list, is it expected to enable you to add foreign markets, or is it simply for home consumption?

Mr. QUEENY. Simply for home consumption. It is doubtful if we could enter foreign markets. Such a thing is possible, but we have not contemplated it for the reason that we have not got it down to a price where we could compete. We have the plant already installed. We worked two years, as I say, and at a big loss to ourselves; but sentiment cost us pretty dearly. We entered into that manufacture for the reason that the representatives of the foreign manufacturers bought up all the crude product and actually forced us into that position, so that if we wanted to import the intermediate product two years ago we could not buy a pound in Europe. They might do the same thing at any time.

Mr. HILL. Are the dyes which are patented in Germany also patented here?

Mr. QUEENY. I presume so, for the reason that they are not manufactured here. I have the names of those dyes that are patented, but they are not manufactured here.

Mr. HILL. They would be patented by the German manufacturers here?

Mr. QUEENY. Yes; patented here. They protect themselves in every country.

Now, one more product, under the coal-tar preparations, paragraph 524——

The CHAIRMAN. That is an item on the free list?

Mr. QUEENY. Yes; on the free list. The article we wish to import and engage in the manufacture of is pyronitrochlorobenzol. It is

quite a long name, but you will find some equally long in that same paragraph.

The CHAIRMAN. Do you find that name in the paragraph?

Mr. QUEENY. No, sir; it is not there; but there are some others equally long.

The CHAIRMAN. Under what paragraph does that come in now?

Mr. QUEENY. At the present time it comes in as a coal-tar preparation, not medicinal, or dye, at 20 per cent; and we ask to have that inserted in the free list for practically the same reason as the other, because this article also enters into the manufacture of patented dyes in Europe. We wish to manufacture phenacetin. Instead of importing the intermediate product as we are to-day, we wish to import the raw material and manufacture it.

The CHAIRMAN. Is that a by-product, or does coal tar enter into that?

Mr. QUEENY. No; it is a direct chemical; but in the manufacture of that chemical another is made, for which there is no use in this country, and consequently no American manufacturer would undertake its production because there is no outlet for this other product, which is equally as large as the product which I have just mentioned, because it enters into the manufacture of sulphur dyes—the ortho, which is not manufactured in this country.

Mr. HILL. Is not the reason why they are not manufactured here the fact that they are manufactured by foreign inventors?

Mr. QUEENY. I have not studied the aniline dyes industry at all. It is a little out of our line, but it is assumed that because they are patented they are not manufactured in this country; and in connection with the manufacture of this product the other is also made, and consequently is not likely to be manufactured in this country at all, at least for some time, if ever.

Now, when the Dingley bill was passed in 1897 this product was known but was not used commercially, or it is more than likely it would have been inserted in the same paragraph, because there are others used in the same manner for the manufacture of medicinal preparations. The raw material is not now imported into this country at all.

Mr. DALZELL. Would you like to have it inserted in paragraph 524 by name?

Mr. QUEENY. Yes; by name, specifically.

The CHAIRMAN. None of it is manufactured in this country at the present time?

Mr. QUEENY. None of it manufactured, and none that is imported.

Mr. BOUTELL. Did you give the reason why it is not manufactured in this country?

Mr. QUEENY. Yes; because there is no demand for it.

Mr. BOUTELL. You have a demand for it?

Mr. QUEENY. We have a demand for the finished product, but we import the intermediate product.

Mr. HILL. Why can you not manufacture the intermediate product in this country?

Mr. QUEENY. Because it can not be without this product here. Without the pyronitrochlorobenzol the intermediate product can not be manufactured. The raw product is this article that I am asking to have inserted in the free list.

Mr. BOUTELL. Why is it that that is not produced in this country?

Mr. QUEENY. Because, as I have just explained, in this manufacture of pyronitrochlorobenzol the ortho benzol is also produced in equal quantity, and there is a large demand for that product in Europe for the manufacture of these patented dyes. If they undertook the manufacture of this article that we are asking for, they would have no outlet for this other product, and consequently could not manufacture to compete with the German manufacturers. Both products must be made at the same time, because one is a by-product, or made at the same time with the other.

Mr. BOUTELL. Then I understand as to the reason why what we call the raw material is not produced in this country, that it is for commercial reasons, not because it could not be manufactured here?

Mr. QUEENY. I suppose it is, but it could not be manufactured at a price that would enable the manufacturer in this country to compete with the German manufacturers, for the reasons I have stated.

Mr. DALZELL. You contend, as I understand, that the same reasons that induce the putting of the articles named in paragraph 524 on the free list would operate to put this on?

Mr. QUEENY. Yes, 524; practically so.

Mr. UNDERWOOD. To put this article on the free list, which I understand is a raw material for the manufactured product, would that justify the reduction of the duty on the main product without interfering with the business?

Mr. QUEENY. I presume it would, because it would be practically on a parity with the foreign manufacturers in the production of that article.

Mr. GRIGGS. Then the finished product might be put on the free list?

Mr. QUEENY. Hardly.

Mr. GRIGGS. You say it puts you on a parity?

Mr. QUEENY. On a parity in the process of manufacture, but we have other expenses far in excess of the German manufacturers' expenses in the production of any chemical. At present we are relatively infants in the chemical industry. We need about fifteen years more to get on our feet. By the time of the next tariff revision proposition we will probably be in better shape.

Mr. UNDERWOOD. If this were put on the free list, how would it affect the finished product without detriment to the main industry?

Mr. QUEENY. I would say about 50 per cent of the present duty—the present duty on that product is 55 cents a pound.

The CHAIRMAN. Do you know what the equivalent ad valorem is?

Mr. QUEENY. The equivalent ad valorem would be—the price in Germany to-day is about 50 cents, 5 marks; the duty is 55 cents a pound.

The CHAIRMAN. You can figure that out.

Mr. QUEENY. The idea is to manufacture a chemical that is not manufactured in this country at the present time; instead of importing the intermediate product, to manufacture it direct; and we feel we should be encouraged in that direction, since we are competing with the German products, which they have controlled for years.

Now here is a product, paragraph 653, salacin, at the present time on the free list, not manufactured in this country, manufactured exclusively in Germany and England; manufactured from the willow,

plenty of which material there is in this country, but we can not compete with Germany and England on that product. I ask that a duty of 25 per cent be levied to assist.

The CHAIRMAN. Can you manufacture with that duty?

Mr. QUEENY. I think so. The consumption goes into many thousands of pounds.

The CHAIRMAN. Why is the duty necessary?

Mr. QUEENY. The expenses in Europe—in Germany and England—are very much less than they are in this country for the manufacture of any chemical product, so much so that it is foolhardy to attempt to compete.

The CHAIRMAN. This is used in the manufacture of other articles?

Mr. QUEENY. No, sir. It is strictly a straight medicinal preparation. There is plenty of raw material in this country—willow; as you well know, that is what it is made from, the willow tree—as we have experimented and I know spent quite a sum of money in the endeavor to manufacture it, but we gave it up. We did not install a plant such as we have for the other products, but we worked it out in the laboratory. We can not do it without protection.

The CHAIRMAN. What amount is imported?

Mr. QUEENY. I presume about 20,000 pounds a year.

The CHAIRMAN. Sixteen thousand pounds in 1897?

Mr. QUEENY. Yes; from 15,000 to 20,000 pounds a year. The price of that is $4 a pound, so that it runs into quite a little bit of money. I am satisfied that the manufacture of that article would be undertaken in this country if some protection was given.

The CHAIRMAN. Do you recommend an ad valorem duty?

Mr. QUEENY. Yes, sir; of 25 per cent.

The CHAIRMAN. Is there any chance of undervaluation or anything of that kind, with respect to that article?

Mr. QUEENY. Well, there are only three manufacturers in the world at the present time. The valuation is pretty well understood. My idea for the tariff all the way through is more for a specific than for an ad valorem rate, in order to avoid those conditions; but I suggest 25 per cent because of other importations coming in at that rate.

Mr. DALZELL. What do you say is the importation?

Mr. QUEENY. Twenty thousand pounds.

Mr. DALZELL. It is $16,000 worth, or 6,000 pounds.

Mr. QUEENY. Even if it is only 6,000, why should these goods be manufactured on the other side when they could be manufactured in this country?

Mr. HILL. The price averaged for some years $3.10, and last year it dropped to $2.60. What is the reason for that?

Mr. QUEENY. I do not know. It is about two years since we experimented on it, and gave it up, and it just occurred to me on the train coming down here to ask to have that taken out of the free list and given protection.

Mr. HILL. It started in at $1.48 and ran for six years, and the highest it got was $2.39, and then for about six years it ran at $3.50, and suddenly dropped to $2.60. Can you give an explanation?

Mr. QUEENY. I can not. I know it has ranged as high as $4 a pound in this country. It is sold by the agents of the foreign manufacturers in this country. I know that the market price for years was $4 a pound. That has been the market price in the United States for

years. I will not say what it is to-day. There are other gentlemen in the room who may have looked into it.

Mr. HILL. Is it a patented article?

Mr. QUEENY. No, sir.

Mr. DALZELL. If it is not manufactured here, the price must be regulated by foreign competition.

Mr. QUEENY. I can not speak positively on that subject, but I think it likely. I do not see any reason why that should be on the free list when there is plenty of raw material in this country, and only a little encouragement is needed to make it here.

Mr. UNDERWOOD. What is the raw material?

Mr. QUEENY. The willow tree.

Mr. UNDERWOOD. What is it used for?

Mr. QUEENY. For medicines, for asthmatic troubles.

Mr. UNDERWOOD. Would a duty of 25 per cent materially increase the cost of the preparation into which it enters?

Mr. QUEENY. No; not to any extent at all.

Mr. GRIGGS. Is $16,000 worth annually imported worth fooling about—worth establishing a plant for?

Mr. QUEENY. A plant can be installed in another plant—that is, it can be added to the articles of manufacture. We have undertaken to specialize some chemical products—things that are almost exclusively manufactured on the other side. We have followed that theory for years. We want to make the things that are now controlled in Europe.

Mr. GRIGGS. The reason why I made that remark is that there seems to be no demand for it.

Mr. QUEENY. There is demand. Even if it is only 6,000 pounds, it is $20,000 worth of business additional, or thereabouts.

Mr. GRIGGS. That would be specializing with a vengeance, I think.

Mr. HILL. Is this exclusively a German product?

Mr. QUEENY. German and English; more particularly made in England than in Germany.

The CHAIRMAN. Now, you can proceed to the next topic.

Mr. QUEENY. Chemicals is all that you will take up to-day?

The CHAIRMAN. Yes, sir. We must keep it separate.

Mr. QUEENY. Then I have nothing further to-day.

STATEMENT OF MR. STEWART CHAPLIN, REPRESENTING THE SEMET-SOLVAY COMPANY, OF SYRACUSE, N. Y.

The CHAIRMAN. What subject do you desire to speak on?

Mr. CHAPLIN. The subject relates to a number of articles produced by the distillation of coal. It is similar to the application apparently that has been named in one respect, in that it relates to articles not manufactured in this country; but our application is to take these articles off the free list and impose a duty, in order that they may be manufactured here. With the permission of the committee, I would like to just state in a few words what the point of our application is, and then ask our chemist to proceed.

The CHAIRMAN. Proceed in your own way, Mr. Chaplin.

Mr. CHAPLIN. A number of these articles that I have enumerated here [indicating typewritten statement] are used in connection with the making of dyes, and some of them are used as dyes. They come under paragraphs 464, 469, 472, 424, and 626 in the free list.

They are not manufactured in this country, but the raw material from which they can be produced is manufactured in large quantities in this country. Tar is manufactured in very large quantities, from which, indeed, directly and indirectly, they come. Our company produces 25,000,000 gallons of tar per year.

The CHAIRMAN. The committee takes it for granted that there is any quantity of tar produced in this country.

Mr. CHAPLIN. Yes. It is coal tar. The tar itself has a market for a great many purposes, but the market is not large enough to take up at any price the total tar produced, and there is a considerable fraction, running sometimes up to 20 per cent. that is used for fuel at a very poor price that could be used to good advantage for the manufacture of all these articles in this country.

Also, as these things are produced in the distillation of tar in by-product of coke ovens with a great saving of fuel, the result would be to increase the amount of coal that is coked in the by-product ovens, where they save these things and save a great deal of waste of fuel. It is computed by the Government that the saving would be some 8,000,000 tons of coal a year if that were carried out to a great extent.

I would like to ask Mr. Pennock if there are any technical questions connected with that, to explain them, as he is familiar with the technical features.

Mr. Chaplin submitted the following document:

STATEMENT OF SUGGESTED TARIFF ON CHEMICAL PRODUCTS COVERED BY PARAGRAPHS 464, 469, 472, 524, AND 626 OF THE FREE LIST.

We respectfully submit herewith a petition for the placing of a tariff upon certain chemicals made from coal tar as a raw material and used principally in the color and dye industry. These chemicals may be placed in two catagories:

First. Coal tar, pitch, and "crude coal-tar products," or primary coal-tar products, resulting from the distillation of coal tar and the proper separation of the distillate.

Second. "Intermediate coal-tar products for dyestuffs." These products result from the treatment of the crude or primary tar product with certain chemicals to produce a more refined or complex substance which, though not colors, may be used in producing colors and in dyeing.

The chemicals considered in our petition are at present under the Dingley tariff law placed upon the free list.

The chemicals and the respective tariffs which we would ask to be put upon them follow:

First class, crude or primary coal-tar products.

Section.	Name of chemical.	Tariff petitioned for.
524	Coal tar	½ cent per gallon.
524	Pitch	¾ cent per gallon.
524	100 per cent benzol	7 cents per gallon.
524	90 per cent benzol	4 cents per gallon.
524	Crude benzol or light oil	3 cents per gallon.
524	100 per cent toluol	8 cents per gallon.
524	Crude tuluol	4 cents per gallon.
524	100 per cent xylol	8 cents per gallon.
524	Crude xylol	4 cents per gallon.
524	Solvent naphtha	4 cents per gallon.
524	Creosote oil [a]	
524	Cresol, pure	8 cents per gallon.
524	Naphthalene	20 per cent ad valorem.

[a] We have included in the list of primary coal-tar products creosote oil, but have not set against it any tariff; while we feel that through the development of the coke-oven industry the amount of creosote oil available will be considerably increased if some protection by tariff is afforded, still we refrain from petitioning for tariff on this article, appreciating the immediate demands for large quantities of this product for the creosoting of railroad ties, timbers, and piles, resulting in an important conservation of our forests.

Second class: Intermediate coal-tar products for dyestuffs.

Section.	Name of chemical.	Tariff petitioned for.
626	Aniline oil	20 per cent ad valorem.
472	Aniline salts	20 per cent ad valorem.
469	Alizarine	20 per cent ad valorem.
524	Naphthols (alpha and beta)	20 per cent ad valorem.
524	Naphthylamine	20 per cent ad valorem.
524	Toluidine	20 per cent ad valorem.
524	Xylidine	20 per cent ad valorem.
524	Cumidine	20 per cent ad valorem.
524	Benzidine	20 per cent ad valorem.
524	Dyphenylamin	20 per cent ad valorem.
524	Benzaldehyde	20 per cent ad valorem.
524	Benzylchloride	20 per cent ad valorem.
524	Dianisidine	20 per cent ad valorem.
524	Mono, di and trinitrobenzol	20 per cent ad valorem.
524	Mono, di and trinitrotoluol	20 per cent ad valorem.
464	Benzoic acid	20 per cent ad valorem.
464	Nitro naphthalene	20 per cent ad valorem.

ARGUMENT FOR THE GRANTING OF OUR PETITION.

In presenting our petition we beg to submit facts which to us seem to be quite sufficient reason for the placing of the tariff upon the various chemicals enumerated.

First. By the protection from foreign competition offered by these tariffs on crude coal-tar products and intermediate coal-tar products for dyestuff, an industry now not in existence will be established, and in time, after several years of successful operation of manufactories producing the intermediate coal-tar products, the beginning of a coal-tar color industry in the United States will be possible.

Second. The establishment of an industry producing the intermediate coal-tar products for dyestuffs will tend to conserve the mineral resources of our country, particularly coal, through the building of an increased number of retort coke ovens and the displacement of the uneconomical beehive oven. This will be the result, for additional revenue derived from the sale of intermediate coal-tar products for dyestuffs will induce the capitalist to construct the more expensive but more economical retort coke oven.

To illustrate how retort coke ovens would conserve the supply of coal in the United States, we would refer to the census of manufactures, 1905, in which C. E. Munroe states that had retort coke ovens been used instead of beehive ovens in 1905, 2,100,000 more tons of coke would have been produced from the 37,000,000 tons of coal coked, or there would have been a saving of about 4,000,000 tons of coal; not only would there have been this saving in coal, but the value of the tar which could be recovered would amount of $6,000,000; the ammonium sulphate, which could be used on the soil, would be $18,000,000, and the surplus gas saved, now wasted, would amount to a value of $6,000,000, and would supply power enough through gas engines to operate all the mills in the State of Pennsylvania.

The tabulated statement of Mr. C. E. Munroe follows:

	Unit of measure.	Actual quantity.	Value.	Per cent of total value.	Possible quantity.	Value.
Total			$53,455,108	100.0		$90,947,244
Coke	Short tons	25,143,288	50,304,623	94.1	27,295,467	54,610,526
Tar	Gallons	26,223,323	613,388	1.2	295,273,173	6,906,697
Ammonium sulphate	Pounds	31,546,781	818,290	1.5	719,119,089	18,697,096
Ammonia liquor	Gallons	4,791,468	763,291	1.4		
Gas for consumption in ovens.	Thousand cubic feet.	16,232,300			183,025,147	
Surplus gas for sale	do	4,403,062	843,787		50,127,907	9,474,174
Unclassified by-products.			3,197			1,222,733
All other products						36,018

The establishment of an industry for the manufacture of the "intermediate coal-tar products for dyestuffs" at the time of the Dingley tariff was impossible because this country could not supply the required raw materials and there was no reason for a tariff, but now this obstacle is removed. In 1896 there were in existence less than 300 retort coke ovens. There are at present more than 4,000; our company alone, the Semet-Solvay Company, has in store over 500,000 gallons of crude benzol, for which there is no market. This and more that would be available from other ovens and new ovens to be constructed could be utilized in the manufacture of "intermediate coal-tar products for dyestuffs" if only tariff protection were given.

We would ask also for a duty on these products as an offset to the advantage in freight that the foreign producer has over the domestic producer; for example, benzol may be shipped from Liverpool, England, to New Orleans, by return cotton steamers, at a lower rate than from Philadelphia by water; the same is true of shipments to Boston from Philadelphia.

Respectfully submitted.

SEMET-SOLVAY COMPANY,
Syracuse, N. Y.,
By STEWART CHAPLIN and
J. D. PENNOCK.

STATEMENT OF MR. JOHN E. PENNOCK, CHEMIST, REPRESENTING THE SEMET-SOLVAY COMPANY, OF SYRACUSE, N. Y.

The CHAIRMAN. I see you are connected with the Semet-Solvay Company, of Syracuse, N. Y., according to this statement here. Is that correct?

Mr. PENNOCK. Yes, sir.

The CHAIRMAN. That is not the old Solvay Company, but the new one?

Mr. PENNOCK. The Semet-Solvay Company is a company organized in the United States to operate the Semet-Solvay coke ovens. The Solvay is the originator of the Solvay process for the manufacture of soda and salt in Europe.

The CHAIRMAN. Proceed, Mr. Pennock.

Mr. PENNOCK. To elaborate somewhat upon what Mr. Chaplin has already stated, what we wish to apply for is protection for an infant industry. It must come to that. In the year 1897, when the Dingley tariff was put forth, there was absolutely no use to consider this subject. There was produced in the United States an insufficient quantity of the raw material for the production of the primary crude coal-tar products and for the production of the intermediate coal-tar products to be used in the manufacture of dyes, and naturally not enough for the colors themselves. In 1895 and 1896 there were constructed a considerable number of retort coke ovens. Perhaps I might say that at that time there were in operation 150 or 200 ovens, coking 6 or 7 tons of coal per day. At the present time, or since then the industry of retort coke ovens has so progressed that there are now in operation some 4,000 retort coke ovens. There is, therefore, ample raw material in the way of tar and benzol and toluol and those other products to produce these intermediate coal-tar products which are made in this country in large quantities and are used directly by the dyer, the printer, and so forth. Now, it is therefore our application that a duty be placed upon these raw materials, the tar and the pitch and the primary coal-tar products, such as benzol, toluol, and xylol, and so forth, and on the intermediate coal-tar products for dyestuffs, which are the primary coal-tar products

treated with other chemicals to produce the intermediate ones. All of these are upon the free list, and we would apply for a tariff upon those products, for we feel that with a certain protection—to name, for instance, one or two of the intermediate coal-tar products for dye-stuffs, aniline, and aniline salts—if there was a slight duty upon those products they could be manufactured in this country at the present time from the large amount of raw material we have at present.

And further, I would like to say that could an industry be established in this country successfully through a slight protection in the way of tariff, it would be a stepping stone to the ultimate introduction of the manufacture of coal-tar colors, which at the present time we all know are made to a great extent in Germany, which practically controls the production of the world, an industry which, as you all know, was started in England in 1872 and 1875, and gradually through scientific methods the Germans took the business away from them, and now they control 85 or 90 per cent of the production of the world's coal-tar colors. There is no reason in the world why it should not be established in this country, but it will take time; and, as I say, what must first be done is to give to the chemical manufacturers of this country some protection on what might be considered to be the raw materials.

Let us manufacture those in this country and supply them to the dyer, and printer, and so on; and, having established those, it will be an easy matter later on to gradually work in the manufacture of the more complicated and more scientific preparations of the coal-tar colors. This will come about; that is, as I have stated, the large supply of this raw material has come about through the introduction of the retort coke oven.

I would like to refer to a statement that was made by Prof. C. E. Monroe, of Washington, in his compilation for the Government entitled "The Census of Manufactures of 1905," under coke. He there states that there was produced, or distilled, or put through the coke-oven process, some 37,000,000 tons of coal in the year 1905.

Now, as we all know, the by-product of the coke oven is from distillation of the valuable by-products, and not only that, the yield of coke from a ton of coal by beehives is perhaps 65 per cent of the coke, whereas by the retort coke oven the yield per ton of coke is something in the neighborhood of 75 per cent. That would figure out that instead of, say, 37,000,000 tons of coal producing the coke necessary for the industries of this country, if that coal had been coked in the retort coke ovens only about 32,000,000 tons of coal would have been required. In other words, four to five million tons of coal would not have been mined for the coke production and would have been left in the ground, thereby conserving the mineral resources, particularly coal.

So much for coke.

The CHAIRMAN. How extensively would you have to get into the manufacture of these coal-tar preparations in order to produce that result?

Mr. PENNOCK. Of course if we should turn right over to the retort coke ovens, it would produce more raw material than we would be required to produce to make all the colors in the world.

The CHAIRMAN. If we put this protective duty on these articles you speak of and should manufacture all that is used in this country,

still we would only compel the turning of a very small percentage of this amount of coal into coke?

Mr. PENNOCK. Yes, that is true. I would like to make a further statement along this line regarding the same industry in Germany. Formerly beehive ovens were used almost exclusively. There has been a gradual development of the retort coke oven, so that one could say 80 or 85 per cent of the coal coked in Germany is now coked in the retort coke oven, so rapid has been the development of the retort coke oven in Germany. The same thing is developing in England. The beehive oven is rapidly being displaced by the retort coke oven, and these valuable by-products obtained.

The CHAIRMAN. Still, Germany is very far in the lead?

Mr. PENNOCK. Yes, sir.

The CHAIRMAN. As she is in the manufacture of all chemical products?

Mr. PENNOCK. Yes, sir. This is simply an argument to show that, could the manufacturer in this country derive some protection in this way, there would be additional returns from the retort coke ovens and capitalists might be induced to put up these rather more expensive ovens in preference to the extravagant beehive ovens, which naturally are less expensive to build; but the capitalist must see, in the return of his by-products, sufficient income to induce him to put up the more expensive retort coke oven.

The CHAIRMAN. Would our chemists be able now to produce those articles if there is a sufficient protective tariff upon them, or is it necessary for them to make investigation and invention?

Mr. PENNOCK. Not at all. There is no question about it; absolutely no question.

I have nothing to say about the coal-tar colors. Those, you understand, are principally patented, and we could not manufacture them here anyway, except the more simple sort; but these are the intermediate products which are imported into this country free of duty and go directly to the dyer, which he can use in the development of colors, and they all practically appear under that paragraph 524.

A number of these that we have petitioned for duty upon are introduced into this country in comparatively small quantities, but still a number are imported in very large quantities. I would refer particularly to aniline oil and aniline salts and alizarine. The importation of oil and aniline salts together—they are classified together—amounts to something like $700,000 or $800,000 a year in value. Alizarine, which is made from anthracine as a starting point, is another. There are various other chemicals used in the manufacture of all our coal-tar products in this country. The importation amounts to $450,000 for alizarine alone.

Mr. NEEDHAM. You speak of some protection. You have not suggested any rate. What rate do you suggest?

Mr. PENNOCK. Well, sir, for instance: Among the crude or primary coal-tar products we have suggested on coal tar one-half cent per gallon; pitch, three-quarters of a cent per gallon; 100 per cent benzol, which is a starting point for these intermediate products, 7 cents a gallon. The selling price is from 25 to 30 cents a gallon. On 90 per cent benzol, which is an intermediate and cheaper grade, on that we ask 4 cents per gallon. On the crude or alloyed oil, which is a cruder product still, containing not over 50 or 60 per cent of pure

benzol, we ask 4 cents per gallon. Then on toluol, which is in the same chemical series as benzol, we ask 8 cents a gallon, because it is recovered from the crude oil in very much less quantity, and it is naturally more expensive. The same may be said of xylol. Benzol, toluol, and xylol all belong to the same series, all recovered from coal tar by distillation. Phenol and creosol are other products. Naphthalin is still another product, a primary product, on which we would ask 20 per cent ad valorem. Those are the ones that we consider primary coal-tar products. They result from one distillation of coal tar by the proper separation of the distillate. The second class, or intermediate coal-tar products for dyestuffs, result, as we have said, from the chemical treatment of the primary products which I have just spoken of. Among those I would enumerate aniline oil and the aniline salts as being first and most important imported into this country.

Mr. HILL. None is produced here now?

Mr. PENNOCK. None now. I would say that an attempt has been made in years past to produce them, but without success.

Mr. HILL. About 10,000,000 pounds were imported last year?

Mr. PENNOCK. Yes, sir; and it sells at the present time for about 11 cents; from 10 to 11 cents per pound. The aniline oil is the first product obtained in producing it. Pure benzol is used. Nitric acid can be made as cheaply in this country as elsewhere, and sulphuric acid can be produced as cheaply, if not more cheaply here.

Mr. HILL. And aniline salts?

Mr. PENNOCK. The raw materials which go to produce aniline oil and salts are produced in this country as cheaply as in any other country in the world, because the base of nitric acid is nitrate of soda, and that is imported from Chile. We can get it as cheaply as anybody can. The other acid used in its manufacture, hydrochloric acid, can likewise be produced in this country equally well, so that all the raw materials which go into the manufacture of these products can be obtained as cheaply here as elsewhere.

There is this factor, the difference in labor; and labor, I am convinced, does enter into the manufacture of these products to such an extent that it will be a great detriment. Nevertheless, we need 20 per cent, or say about 2 cents per pound, in the way of duty.

Mr. HILL. What is the proportionate cost of labor at 8 cents a pound, which is quoted here as the import price, for aniline salts? What proportion of that would be labor?

Mr. PENNOCK. I should say 30 to 35 per cent.

Mr. HILL. How much cheaper is the raw material here than in Germany?

Mr. PENNOCK. I should say that the first raw material, which is benzol, may be produced equally as cheap in this country.

The other products, with one exception, hydrochloric acid—possibly it may be produced in the old country somewhat more cheaply than here—but the other acids can not be.

Mr. HILL. Your idea is, then, that 2 cents a pound, or 2½ cents, would promote the industry in this country of aniline salts?

Mr. PENNOCK. Absolutely so, sir.

Mr. UNDERWOOD. Mr. Chairman, I would like to ask the witness some questions. You desire [addressing witness] a duty placed on the by-products of the retort coke ovens? That is the purpose?

Mr. PENNOCK. Yes, sir.

Mr. UNDERWOOD. You stated it a while ago, but I will ask you to state it again. What has been the development of these by-product coke ovens in this country under free trade? There is no duty on the by-product now?

Mr. PENNOCK. There is no duty.

Mr. UNDERWOOD. What has been the development in this country so far?

Mr. PENNOCK. As I have stated, since 1896 there has been a gradual development, an introduction of the by-product coke oven at the present time from 300 ovens to 4,000 ovens.

Mr. UNDERWOOD. What amount of by-product is produced in these 4,000 ovens?

Mr. PENNOCK. Of course the particular product here considered is tar. I should say 25,000,000 gallons. That is what the Semet-Solvay Company can produce per annum, and we have constructed one-third of the retort coke ovens of the country; so I should say 75,000,000 gallons would cover it.

Mr. UNDERWOOD. Now, in the retort coke oven is the principal product manufactured coke, or the manufactured by-product?

Mr. PENNOCK. The chief product is coke.

Mr. UNDERWOOD. Has it not been claimed by the Semet-Solvay Company that they could manufacture coke as cheaply in the retort as in the beehive oven?

Mr. PENNOCK. The cost of producing coke in the retort coke oven depends entirely upon the value obtained for the by-products. The relative cost of the beehive oven and the retort oven is the same as $2,000 is to $5,000 per oven. That is, the relation is about that. To overcome that great difference in the cost something must be obtained for the raw materials.

Mr. UNDERWOOD. But in the prospectus issued from time to time by the Semet-Solvay Company to induce manufacturers to put their plant up, have they not held out to the manufacturers that they can produce coke cheaper and at less original cost in the retort coke oven than in the beehive oven?

Mr. PENNOCK. Yes, sir; it can be done.

Mr. UNDERWOOD. Then the natural tendency would be, if your statements are correct, to induce the manufacturer to put up the retort coke oven, even if there is no protection, if under the present conditions you can produce cheaper?

Mr. PENNOCK. The development of the retort coke oven has fallen off in the last two or three years.

Mr. UNDERWOOD. Is not that due to the fact that there is no demand in this country for your by-product; is not that the reason?

Mr. PENNOCK. We have at the present time some 500,000 gallons of benzol for which there is no market.

Mr. UNDERWOOD. The real reason that your product has fallen off is that you have not found a market in this country, and up to this time you have a product that fully supplies the demand of the American market.

Mr. PENNOCK. Under the existing conditions.

Mr. UNDERWOOD. If we put a tariff duty on your by-product would not that to that extent retard the chemical manufacturers of this country by increasing the cost of their materials?

Mr. PENNOCK. Referring to aniline and alizarin salts, one would naturally think that the cost of those salts would be slightly increased to the consumer. I do not see how we can get away from that.

Mr. UNDERWOOD. Instead of developing the manufacture of the product at home we would retard the development of the product by putting a tariff duty on this by-product which we have already developed in excess of the home market without any duty on it at all?

Mr. PENNOCK. No, sir. I think there are so many articles—aniline, alizarin, and a number of others—which are produced from benzol, and that it would develop an industry and that it would further lead to a greater return to the owners of the by-product ovens.

Mr. UNDERWOOD. I grant you that if we put a duty on the by-product of the retort ovens that it would put a profit in the pocket of the manufacturer.

A while ago you stated that the object of this was to increase the development of the chemical manufactures in this country. I want to know if we put a tariff on this by-product that is now on the free list if we would not retard the manufacture of chemicals from these coal-tar products rather than advance it in this country.

Mr. PENNOCK. I do not think so, because these chemicals are not produced in this country at the present time.

Mr. UNDERWOOD. You would increase the cost of the raw material by putting a duty on the coal-tar products, would you not?

Mr. PENNOCK. Naturally.

Mr. UNDERWOOD. And to that extent it would retard their manufacture and the ability of the American manufacturers to compete with foreign manufacturers of chemical products?

Mr. PENNOCK. It would naturally keep out of this country a good deal of the oversurplus of this raw material.

Mr. UNDERWOOD. Nitrates are on the free list?

Mr. PENNOCK. Yes, sir.

Mr. UNDERWOOD. If you put a tariff on the coal-tar products manufactured from nitrates to that extent you would raise the cost of all nitrates manufactured in this country?

Mr. PENNOCK. There are no nitrates manufactured in this country. Of course the raw material, nitrate of soda, enters somewhat into their manufacture.

Mr. UNDERWOOD. And you would increase the cost of nitrate of soda in this country?

Mr. PENNOCK. Nitrate of soda is merely a raw material that goes into the manufacture of aniline and alizarin, and so on.

Mr. UNDERWOOD. They are all on the free list now?

Mr. PENNOCK. Yes, sir; and remain there.

Mr. UNDERWOOD. You would increase the cost to the home manufacturer by putting a tax on his raw material when he can only compete with the world by putting the product on the free list.

Mr. PENNOCK. I do not see it that way. Not the chemical manufacturer. The only possibility of increasing the cost to anyone is the user of aniline salts and alizarin, and it is a question whether in time that would be increased. It must be done temporarily until the infant industry of this country is well established.

Mr. UNDERWOOD. But the fact is you have developed your retort oven to the full extent that the country is able to consume your by-product already.

Mr. PENNOCK. Yes, sir; but there is a gradual consumption of all raw materials, particularly ammonia sulphate. There has been very little fertilizer used in this country up to the present time and there is going to be a great deal more. All the other by-products are consumed in this country, with the exception of benzol, at the present time. The price of ammonia sulphate still keeps up no matter how much is produced in this country. That is one of the largest returns that the owners of the retort coke ovens get.

Mr. GRIGGS. Did I understand you to say that we should put a duty on nitrate of soda?

Mr. PENNOCK. No, sir.

Mr. UNDERWOOD. Nitrate of soda is made from the coal-tar by-products?

Mr. PENNOCK. Nitrate of soda is a mineral substance which enters simply in the production. Nitrate of soda is a commercial term applied to benzol.

Mr. HILL. You do not ask for any duty on benzol; you ask for a duty on aniline salts and alizarin oil?

Mr. PENNOCK. We do ask for a duty on benzol, because there is a large importation of it at the present time, and then the question of freight enters so into these articles that are now imported from England and Germany. Take the cotton ships returning from England and Germany. Take the cotton ships returning from Liverpool, and they will bring goods to this country at a lower price, freight rate, than we can ship from New York or Philadelphia to New Orleans, or it can be brought from England to Boston cheaper than it can be shipped from Philadelphia to Boston, all water, both water rates. So the question of freight rates enters into the subject and to offset that we would like some protection. I simply mention that as a reason for giving us a little something on these raw materials. We do not know what may develop.

Mr. NEEDHAM. As I understand, the demoralization of the market is not because of the excess of production, but because of the excess of importation which, added to the production here, has made a surplus?

Mr. PENNOCK. Yes, sir; that is true.

Mr. NEEDHAM. And if it were confined to what is produced in the United States there would not be an excess?

Mr. PENNOCK. No, sir. In the potential value of the tar there is material which we have not begun to recover because there is no market. If we could have protection on benzol a large amount of the substance that is in the tar would be recovered and disposed of.

Mr. UNDERWOOD. I understand that the freight rates affect you. Is not the freight rate from foreign countries really in your favor; they have a greater freight rate than you have to pay?

Mr. PENNOCK. No, sir. As to the internal rates throughout the country it is a different matter. On these return steamers that go to England loaded with cotton from New Orleans the freight rate is lower than it is from New York or Philadelphia to New Orleans.

Mr. UNDERWOOD. That applies to the coast line, but not to the interior of the country?

Mr. PENNOCK. No, sir; not to the interior of the country.

Mr. BOUTELL. If you secure the duty for which you are asking, in the manufacture of coal-tar products, as contemplated, would not the basic substance that Mr. Queeny was speaking of be a part of your process?

Mr. PENNOCK. It would naturally result in that process in the years to come. That is a complicated chemical which requires refined manufacture and would come from these intermediate products.

Mr. BOUTELL. The reason given by him why the basic substances were not produced was because there was none of these coal-tar products manufactured. If we begin the manufacture which you contemplate then the substances can be produced.

Mr. PENNOCK. Certainly.

STATEMENT OF MR. FREDERICK W. BROOKS, REPRESENTING ROESSLER & HASSLACHER CHEMICAL COMPANY, NEW YORK, N. Y.

Mr. BROOKS. We have filed a brief with the clerk of the committee which, I think, presents the subject as fully as we desire to do, and we desire to make no further presentation of the matter at this time, with the committee's permission.

The statement submitted by Mr. Brooks follows:

THE ROESSLER & HASSLACHER CHEMICAL CO.,
New York, November 9, 1908.

Hon. SERENO PAYNE,
Chairman of the Committee on Ways and Means,
House of Representatives, Washington, D. C.

SIR: We are engaged in the manufacture of colors, enamels, fluxes, and similar articles used in the glass, enamel ware, and similar industries, with an office at No. 100 William street, in the borough of Manhattan, city of New York, and with works at Perth Amboy, in the State of New Jersey, and have been engaged in this occupation for many years past. We address you with a view of making more certain the protection to which as American manufacturers we feel that we are entitled.

You will find under paragraph 54 of the tariff act of July 24, 1897, a provision for vermilion red and other colors not containing quicksilver, but made of lead or containing lead, 5 cents per pound, and which undoubtedly was intended to cover vermilion red and other similar colors, but which it is now contended in the Federal courts should apply to the ceramic colors which we make and which are different in every way from vermilion red and colors of that kind. It is a matter of almost common knowledge that vermilion red and such colors as are ordinarily applied with a brush and which contain a drier or something of that kind are completed as soon as applied, while ceramic colors have to be fired in order to bring out the necessary shade and effect, and moreover require the addition of a flux to them before they can be applied and fired.

An inspection of paragraph 58 of this tariff act of 1897 shows a provision for colors which evidently was intended by Congress to impose a duty of 30 per cent on imported goods brought in to compete with ours, but in consequence of some litigation during the past few years there is some doubt as to whether goods such as we make should pay this duty of 30 per cent mentioned in paragraph 58 or whether they can come in under the provision of 5 cents per pound under paragraph 54. This specific duty is very well when applied to the ordinary colors, such as imitations of genuine vermilion, called vermilionetts, where lead is the main base and colored with coal-tar dyes, but it is not sufficient protection when applied to the kind of colors which we make, made from the more expensive metallic oxides like selenium and uranium, and certain effects are accomplished by the use of the precious metals—silver, gold, and platinum—and will average about $5 to $6 per pound.

It would therefore seem that it was not the intention of Congress to impose such low duties as those mentioned in paragraph 54 on the class of articles made by us, and it is with the object of making more specific in the new tariff act a duty to be applied to such goods as we manufacture that we have addressed this communication to you.

It may be further added that the goods which we manufacture are the raw materials used by the domestic manufacturers of earthenware, china and glassware, and it is greatly to their interest to have domestic manufacturers of such raw materials whose product can compete with that of the foreign manufacturers, in order that the domestic product may keep down an unreasonable price for the foreign product.

To settle any possible controversy as to the duty on the ceramic colors, etc., by proper legislation in the next tariff act, we ask that this be given careful consideration.

Paragraph 54 is limited to colors which are "dry or ground in oil or water," and such colors are manifestly of a very different class from those in which we are interested. Such colors as vermilion red are applied with a brush to cover large surfaces, and with no idea of carrying out any artistic design or decoration. Their price indicates that they are composed of ordinary materials, and the manner in which they are applied indicates the class to which they belong. Ceramic colors in which we are interested are principally metallic oxides containing soft fluxes, which have to be fired when applied to the materials on which they are used, in order to bring out the color, and when melted become fixed.

The degree of heat which is applied in such cases ranges from 900° to 3,000° F., and the particular shade desired is to a great extent dependent upon the temperature applied, and in some cases the duration of the fusing process. The fluxes used are either borates, silicates of soda, potash of lead. Lead as a flux is used in some instances, where coloring is accomplished by the use of the precious metals, while the greater part of the enamel colors are borates or silicates. It will thus be seen that the ceramic colors are a series by themselves and are very different in every way from common paints. For these reasons there should be a specific provision in the tariff act to be enacted for these ceramic colors, and we therefore suggest that the following paragraph be enacted to determine the rate of duty to be applied to such articles when imported, namely:

"Colors, color bodies, stains, glazes, enamels, and fluxes, used or suitable to be used in the manufacture of ceramic, enameled, and glass articles, 30 per cent ad valorem."

It would seem from the light of experience that a tariff provision such as that suggested would not only remove all doubt as to the rate of duty to be applied to these manufactures in which we are interested, but would give to us, as domestic manufacturers, the protection to which we believe we are entitled and which we have reason to think your committee will cheerfully award to us.

We are not asking for anything more than the 30 per cent which it was intended we should have under the present act and which is absolutely necessary to protect us against the foreign competition and to encourage this home industry.

We believe our claim is a just one and should receive very favorable consideration at your hands.

Respectfully submitted.

THE ROESSLER & HASSLACHER CHEMICAL CO.
JACOB HASSLACHER, *President*.

STATEMENT OF MR. HENRY HOWARD, CHAIRMAN EXECUTIVE COMMITTEE, MANUFACTURING CHEMISTS' ASSOCIATION OF THE UNITED STATES, BOSTON, MASS.

The CHAIRMAN. You represent an organization of chemists?

Mr. HOWARD. Yes, sir. I have a card which gives the names of the members of the association:

Members of the Manufacturing Chemists' Association of the United States.—The Ammonia Company, Baltimore Chrome Works, Barrett Manufacturing Company, Baugh & Sons Company, Chicago Chemical Company, Cochrane Chemical Company, Columbia Chem-

ical Company, Chas. Cooper & Co., Davidson Chemical Company, General Chemical Company, Grasselli Chemical Company, Hudson River Aniline Color Works, Harrison Bros. & Co., Martin Kalbfleisch Chemical Company, Lazaretto Guano Company, Charles Lennig & Co., W. J. Matheson & Co., Merrimac Chemical Company, Jas. L. Morgan & Co., Nichols Chemical Company, Pennsylvania Salt Company, Chas. Pfizer & Co., Powers & Weightman, Rosengarten & Sons, Rumford Chemical Works, T. P. Shepherd & Co., Solvay Process Company, Tartar Chemical Company, A. L. Thomsen, Malinckrodt Chemical Company, New York Quinine and Chemical Works, The Kalion Chemical Company, B. P. Clapp Ammonia Company, Mutual Chemical Company, United Zinc and Chemical Company, Passaic Chemical Company.

The CHAIRMAN. You have been requested to come here and present the matter for them?

Mr. HOWARD. This matter has not been brought up before the association. We did not know that this hearing was coming on as early as this, and we are not prepared to present any argument now, but will present a brief before the 4th of December, which, I understand, is the time limit.

The CHAIRMAN. The committee desires to have the hearings all closed by that time so that they can print the results and have them for the consideration of the committee.

Mr. HOWARD. I am not prepared to make any oral argument to-day.

The CHAIRMAN. Very well.

Mr. CHAPLIN. I would like to ask if we may have permission to file a further statement giving certain details?

The CHAIRMAN. Yes, sir. Please be as prompt as you can, with the understanding that all statements must be filed before the close of the hearings. I want to say that the more promptly the statements are filed the more thoroughly the committee will examine them because they will have more time.

STATEMENT OF DR. A. SPRINGER, REPRESENTING ALEX FRIES & BRO., CINCINNATI, OHIO.

Mr. SPRINGER. I will only take up a few minutes of your time. I come here to request that the existing duties on ethers, esters, essences, essential oils, flavors, sugar, coloring, caramel, and acids be not changed.

We here in the United States, unless protected by a tariff, can not compete with foreign manufacturers of these articles for two most powerful reasons.

First, on alcohol which enters so largely into the manufacture of the ethers, extracts, flavors, etc., both as part and solvent, there is imposed in this country an enormous tax, far in excess of those existing in other countries.

The second reason, and perhaps the more cogent one, is the difference in wages paid to employees. In the chemical manufacturing line, notwithstanding the dangerous character thereof, more than in any other, it is possible to obtain all the employees required absolutely free from all remuneration. Graduates from universities, technical and secondary schools, willingly offer their services as apprentices

in the hope that the experience gained will compensate for the salary forgone.

In this country the apprenticeship system neither obtains nor is considered desirable. The employees are paid high salaries, in keeping with the risks assumed.

A reduction in the existing tariff would mean the importation from abroad of all ethers, essences, extracts, flavors, etc., used in this country, and the effacement of the home manufacturers now giving employment to numerous employees.

Under the existing tariff the duty on butyric acid is 25 per cent. On ethers—that is, the compound of ethers, esters, etc.—it is $1 per pound, but not less than 25 per cent. On alcohol amylic, one-fourth cent per pound. On alcohol for flavoring perfumes, etc., 60 cents per pound, plus 45 per cent. On cognac oil and fruit ethers it is $2 per pound, but not less than 25 per cent. On coloring for brandy, wine, beer, or other liquids it is 50 per cent. On fruit ethers, oils, or essences, $2 per pound, but not less than 25 per cent of the value. That is all.

The CHAIRMAN. Have you any statement prepared showing the difference in labor here in this country and on the other side?

Mr. SPRINGER. The cost of labor, especially in this line, is practically nil on the other side. As I said before, there are always plenty of chemists just graduating from the universities who are very anxious to get into these factories who are willing, on account of the experience to be gained, to charge absolutely nothing. I know that they get all the labor they require except for the most menial jobs. On this side no difference how young the graduate is, provided he has the slightest experience, he charges quite a respectable amount, and it certainly amounts to a couple of dollars a day even with little or no experience.

Mr. UNDERWOOD. You stated a little while ago that one reason why this duty should be maintained was the high tax on alcohol in this country. Could you not manufacture these articles out of denatured alcohol?

Mr. SPRINGER. It is not allowed. It is expressly forbidden.

Mr. UNDERWOOD. And you are required to pay the full duty?

Mr. SPRINGER. Yes, sir; on alcohol.

Mr. UNDERWOOD. In the European countries where they have a tax on alcohol do they exempt these products from the tax?

Mr. SPRINGER. That is something I can not answer; but the tax on alcohol would be far less than what we pay on this side.

Mr. UNDERWOOD. Do you recall what the tax on pure alcohol is?

Mr. SPRINGER. Two dollars and ten cents.

Mr. UNDERWOOD. I mean in foreign countries.

Mr. SPRINGER. I do not know. In most places it is free absolutely. There is an import duty, but there is no tax on it.

Mr. UNDERWOOD. It is only denatured alcohol that is free?

Mr. SPRINGER. On the other side?

Mr. UNDERWOOD. Yes, sir.

Mr. SPRINGER. The tax is so small that it really amounts to nothing. Take Germany, for instance, and the idea with Germany is to use as much alcohol as it possibly can in order to protect the sugar industry, which they are gradually losing, and they want to convert sugar into alcohol, so that if they lost the American sugar trade they

will still have use for the alcohol. Therefore, Germany would be the last country in the world to favor a heavy tax.

Mr. UNDERWOOD. You do not know what the tax is on alcohol in Germany?

Mr. SPRINGER. No, sir. I know it is very slight.

Mr. UNDERWOOD. Have you any figures showing what the cost of labor is in Germany as compared with the cost of labor in this country? You have not prepared any figures?

Mr. SPRINGER. No, sir; except that I know they are very small. There is one firm which I just happened to think of which has given the amounts they pay their employees and where it runs to 30, 40, or 50 cents we pay about $3 a day.

Mr. UNDERWOOD. But you have not any figures that would advise the committee as to the exact information?

Mr. SPRINGER. No, sir.

STATEMENT OF MR. GEORGE R. BOWER, PRESIDENT HENRY BOWER CHEMICAL MANUFACTURING COMPANY, PHILADELPHIA, PA.

Mr. BOWER. I will state that the articles in which my company is interested are not protected by patents on any secret process. All of the chemical processes and reactions are matters of general knowledge throughout the world, and any success we may have had is due to our chemical skill and to the protective tariff of which we have had the advantage throughout our career. The Dingley bill is in a great measure satisfactory to us.

If you will permit me I will take up the articles in which I am interested in the order in which they appear in the Dingley bill.

Paragraph 1, the fifth line, chromic acid, we would advocate that the duty be retained at 3 cents per pound, inasmuch as it should be logically so in accordance with paragraphs 62 and 74, to which I will refer later. As to sulphuric acid or oil of vitriol, not specially provided for in this act, the argument can be better made by those who are more largely interested, Mr. Howard, who has just been before you, being one of those.

Paragraph 5, ammonia, we should advocate that the duty on sulphate of ammonia be retained at three-tenths of 1 cent per pound. It is in a measure protective. There was 32,000 tons of sulphate of ammonia imported into the United States during the fiscal year ending June 30, 1907.

Mr. DALZELL. How many tons?

Mr. BOWER. Thirty-two thousand tons.

The CHAIRMAN. You do not mean to include all ammonia in that?

Mr. BOWER. That is the sulphate of ammonia. We do not ask a change; we merely ask that the three-tenths of a cent a pound be retained.

The CHAIRMAN. The importation of phosphate of ammonia is very small, as I notice.

Mr. BOWER. That is a medicinal drug.

We would like to have taken from the "index," as we express it, and have specifically mentioned liquid anhydrous ammonia, which has been placed under paragraph 3 as a chemical compound and subject to 25 per cent ad valorem. We would suggest that the liquid

anhydrous ammonia should be included here at a specific rate. The English price of the liquid is 10 pence at London. Our price at point of production is 25 cents per pound. We would like to see a specific duty of 5 cents per pound instead of the 25 per cent ad valorem.

The CHAIRMAN. It is on the free list now?

Mr. BOWER. Now it is paying 25 per cent ad valorem in paragraph 3, under "Chemical compounds not otherwise provided for."

Mr. DALZELL. You want it specifically named?

Mr. BOWER. Yes, sir.

Mr. HILL. In 1907 we imported 65,000,000 pounds of sulphate of ammonia and in 1906 the imports amounted to 18,000,000 pounds. The price was the same both years. Why was that?

Mr. BOWER. That was due to the greater prosperity of the farmers. Possibly they were able to buy more fertilizer.

Proceeding with paragraph 5, we would ask in addition to anhydrous ammonia that aqua ammonia be specifically mentioned at a specific rate and the duty be assessed on the basis of ammonia contained. Aqua ammonia, water of ammonia, being a solution of ammonia gas and being commercially handled in varying strengths, the manufacturer's standard would be the percentage of ammonia contained. There are tables that have been prepared and passed upon by the Manufacturing Chemists' Association of the United States that are available to readily show the percentage of ammonia in each varying strength of aqua ammonia. If anhydrous ammonia gas be at 5 cents per pound, NH_3, which is the chemical symbol for ammonia in aqua ammonia, we would suggest it should be 5 cents per pound for the ammonia contained in the aqua ammonia.

I pass now to paragraphs 45, 48, 50, and 54. We are merely interested in them, as the manufacturers of these materials are consumers of our products. The duties that have been placed upon blues, chromium colors, orange mineral, vermilion red, etc., are based upon the duties that these people's raw materials are subject to, these raw materials being our articles of manufacture.

Mr. DALZELL. Do you want to increase the duty?

Mr. BOWER. No, sir; we would like to have the duty retained. As to paragraph 62 and paragraph 74, bichromate and chromate of potash are now subject to a duty of 3 cents a pound, while the duty on bichromate and chromate of soda is 2 cents per pound.

Mr. HILL. Why do we not make the 65,000,000 pounds of sulphate of ammonia?

Mr. BOWER. The retort coke oven people are the ones to solve that problem, and I think they ultimately will. We not only should make the 65,000,000 pounds of sulphate of ammonia, but we should displace the nitrate of soda which comes from South America and goes into fertilizer.

Mr. HILL. You say "ultimately," but why not now?

Mr. BOWER. We have not the ammonia product in this country.

Mr. HILL. Any change in the duty would not affect this importation?

Mr. BOWER. No, sir. The three-tenths of 1 cent per pound is about compensatory for the difference in cost of freight.

Mr. GAINES. We have not the ammonia product?

Mr. BOWER. There are several reasons. There is a great waste that goes off from the coke, as you know.

Mr. GAINES. Ammonia is not one of the things manufactured from coal tar?

Mr. BOWER. No, sir. I was about to say that the industry of bichromate of potash and soda is an old one in this country, founded prior to 1845 in Baltimore by Mr. Jesse Tyson, and while it is not an article of great importance, of course it is of importance to those who are interested in it. We would like to have the duty retained as it is.

Paragraph 66, prussiate of potash, 4 cents per pound for the yellow. We are not interested in the red; in fact, I think there is no red made in the United States at present. During the days of the Wilson bill this article was subject only to a duty of 25 per cent and the importations came over here and wiped out pretty nearly all the surplus we had accumulated up to that time.

The CHAIRMAN. Have you any statement to make as to cyanide of potassium?

Mr. BOWER. I am not competent to speak on cyanide of potassium. I have already spoken of paragraph 74 in connection with paragraph 62.

Chromite of soda is subject to 25 per cent duty as a chemical compound under paragraph 3, which is not protective. We have three times tried to manufacture it and three times we have had to stop with a bad balance on our ledger. We lost money every time, due entirely to the fact that the depression of the price abroad rendered the duty less being levied at an ad valorem rate. We take it that it is worth about 80 per cent in efficiency of prussiate of potash, so that if the potash duty is 4 cents a pound we would be very glad to see the duty on soda say 3½ cents a pound.

Mr. DALZELL. A specific duty?

Mr. BOWER. Yes, sir. We are prepared and have our plant ready to manufacture the article at any time that we can see a profit. At the present time it is impossible.

As to sulphide of soda in paragraph 76 we would ask to have that retained at 1½ cents per pound, with the amendment that it be applicable to crystal sulphide, not the concentrated or fused, which has double strength and in fact double the value of the crystal.

There is one article that is not specifically mentioned that has become one of considerable importance in the chemical industry—tetrachloride of tin, and we would ask that a paragraph such as this be inserted in the bill to be prepared:

Tetrachloride of tin, liquid anhydrous—

It is liquid free of water—

crystallized or amorphous, or in solution, 6 cents per pound of anhydrous tetrachloride contained.

Mr. DALZELL. What does it pay now?

Mr. BOWER. Twenty-five per cent, under paragraph 3.

The CHAIRMAN. What does the article cost imported?

Mr. BOWER. It costs now as nearly as we can gather about 21 cents per pound.

The CHAIRMAN. And you want a 30 per cent duty?

Mr. BOWER. Yes, sir; it is subject to 25 per cent now.

The CHAIRMAN. Can you give the committee some reason why you think the duty should be increased, besides your general statement?

Mr. BOWER. Merely the fact that the material does come in and is in competition with the American stuff right along.

Mr. DALZELL. What is the amount of the importations?

Mr. BOWER. They are very small. It is not a very large article of very great importance.

The CHAIRMAN. I think you will have to furnish the committee with some facts so that we will be able to arrive at some conclusion.

Mr. BOWER. It is my purpose to ask leave to file a written brief, giving you all the facts and figures which you can possibly want. I merely wanted to make this verbal statement this morning.

Mr. UNDERWOOD. A part of this material is already manufactured in this country?

Mr. BOWER. We manufacture all of the articles which I have mentioned.

Mr. UNDERWOOD. You have been able to manufacture them successfully under the present tariff?

Mr. BOWER. Yes, sir.

Mr. UNDERWOOD. What reason can you assign why we should increase the tariff?

Mr. BOWER. We could make more if we could secure more of the market.

Mr. UNDERWOOD. It is not for the protection of your industry that you desire the increase, but it is purely a question of increasing the profits of the manufacturers?

Mr. BOWER. Yes, sir; that is what it boils down to.

Mr. DALZELL. You think the duty you suggest would be prohibitive?

Mr. BOWER. Yes, sir; practically so.

Mr. UNDERWOOD. Where do you expect the Government to derive any revenue if you have prohibitive duties?

Mr. BOWER. There are a great many articles subject to the tariff that have to be imported. There is no necessity of importing things that we can make here, so far as I can see.

STATEMENT OF MR. CHARLES EVANS, REPRESENTING CARTER & SCATTERGOOD, MANUFACTURING CHEMISTS, PHILADELPHIA, PA.

Mr. EVANS. With your permission, Mr. Chairman, I will send in my brief. Paragraph 66 of Schedule A, yellow prussiate of potash, is the only subject that I wish to speak of. We would like, if it is thought best in your good judgment, that the present duty be retained, 4 cents a pound on yellow prussiate of potash. My grandfather started in business in Philadelphia in 1834, and we are to-day the largest makers of prussiate of potash, producing about 1,300 tons annually.

The CHAIRMAN. The ad valorem duty on red potash is about 37½ per cent and on yellow potash 39 per cent?

Mr. EVANS. That is approximately correct.

The CHAIRMAN. The imports of red potash amounted to 56,000 pounds in 1907 and the imports of yellow potash 1,500,000 pounds. Which is used the most?

Mr. EVANS. The red has fallen to a very small figure. The yellow is much the more important salt. With your permission, I want to

explain the difference in the manufacture on this side and on the other side. On the other side of the water yellow prussiate of potash is produced entirely from gas, with the exception of a recent factory in Scotland. In the purification of the gas—and this has lately been going on more in Scotland and England and in some of the German factories—there is found a substance which can be scraped up and is sold. There is not enough of that article to supply the needs in an ordinary year of business. We have not been able to run during the present year, we have been shut down for that period of time, owing to the conditions which have affected every one. I think that fact should be borne in mind. In hard times the Germans working off this grade of stuff, which is really a by-product with them, can ship their stuff over here and preserve their own market on the other side of the water, but when times are good it requires our aid to supply the demand of the American manufacturers.

We have thought our industry was of some value to the United States from the fact that we use about 9,000 tons of waste scrap leather. That is of very little value to anyone else except ourselves and used to be burned under the boilers. I do not mean to say that it is of no value to anyone, but it is of little value.

I would like to call attention to the unclassified schedule, with regard to potash. That comes in under the 25 per cent clause, which makes it very difficult, and I think that, too, might be mentioned here. The chief users of our product are the paint makers, who use the yellow prussiate of potash in the manufacture of blues and greens, and because they are doing well in this country some of our friends on the other side of the water are coming into the United States to get the benefit of our duties.

I would be very glad to answer any questions.

The CHAIRMAN. That is all.

STATEMENT OF MR. A. PLAUT, NEW YORK, N. Y.

Mr. PLAUT. I desire to speak in regard to medicinal chemicals which come under a number of paragraphs.

In order to justify my appearance here, I beg to say that I have been engaged in the wholesale drug business in New York City for the last thirty-six years. The firm of which I am the senior partner are wholesale druggists, manufacturing pharmacists, manufacturing chemists, importers, manufacturing perfumers, and if you mention the four largest houses in our line in this country you have to mention mine. I state this simply to qualify myself.

The act under which the import duties are now being collected is entitled "An act to provide revenue for the Government and to encourage the industries of the United States." As far as medicinal chemicals are concerned, that title is a misnomer. It does not provide revenue for the Government and it does not encourage the manufactures. The amount of tariff derived under the present law is absolutely nil in comparison to the consumption of medicinal chemicals in the United States. The duties are mainly prohibitive. The general duty on chemicals is, as you know, 25 per cent.

The CHAIRMAN. How much revenue do you think a tariff act should provide over the expenses of the Government?

Mr. PLAUT. I am speaking of the revenue derived from these particular articles of merchandise; it is almost nil.

The CHAIRMAN. You have some idea as to how much revenue you think should be provided by a proper tariff act over the expenses of the Government?

Mr. PLAUT. That is for the legislative branch of the Government to decide.

The CHAIRMAN. Then we will not spend much time on that.

Mr. PLAUT. The duties in this schedule are practically those of the tariff of 1885. During these twenty-five years conditions have changed very much, and what was good and proper for the trade then is not at present. The industry of the United States in medicinal chemicals has not prospered under this tariff, except in a financial way. There are to-day no more medicinal chemists, and the number of articles they manufacture has not increased. Chemical science has made tremendous progress, but we have remained still because, as the leader has told me, they sell all the goods they can produce. They sell them at a satisfactory price, and they permit other nations to go ahead and make inventions and encourage the industry. If these, gentlemen, representing the 25 per cent were to be reduced to 15 per cent—that is the purpose of my argument—it would prevent the domestic manufacturers from fixing an arbitrary price on their product as they do now, and with a 15 per cent rate of duty there would still be more than an ample allowance for any difference in the rate of wages or in the cost of appliances and apparatus. It would prevent them from arbitrarily fixing their prices, which in too many cases are extortionate, and in many cases their prices have no direct bearing on the cost of production. For instance, we are manufacturers of bismuth and other salts.

The CHAIRMAN. Do you cover the whole chemical schedule?

Mr. PLAUT. I am speaking of the medicinal chemicals which pay 25 per cent. When bismuth metal sold at 5 shillings a pound the price of the subnitrate in this country was $2. To-day bismuth metal sells at 6 shillings and 6 pence; and because of a disagreement and trade work, the price is down to $1.50. I cite that merely to illustrate that the duty of 25 per cent is such that they can do as they please, and the trade, or a large proportion of it—those of my persuasion, my political persuasion—chafe under the tyranny of the manufacturers of pharmaceutical chemicals. We are particularly prohibited from importing any of the leading products which they make, and I advocate a reduction in this general phrase—you will find it in a number of parts of the act—to 15 per cent, for that affords, in my opinion, ample protection. You see, a chemical factory can be and ought to be located away from centers of population, where ground is cheap. The ideal chemical factory is a 1-story cement structure. I would also say that the wages paid are very low. They do not average $2 a day for all employees of a chemical factory; in fact, the labor element, the cost of wages, is very small as compared with the cost of the raw material.

Mr. DALZELL. Did you appear before the committee when the Wilson bill was being made up, in 1894?

Mr. PLAUT. I did not, but I drafted the chemical schedule, the schedule of medicinal chemicals, at the request of Mr. Wilson.

Mr. DALZELL. The duty was the same in that bill as in the Dingley bill, was it not?

Mr. PLAUT. Yes. I wish to say in that connection that when the bill came out of the committee I did not recognize my own child.

Mr. DALZELL. Do you say that the duty is the same now as in the act of 1885?

Mr. PLAUT. 1883 do you mean?

Mr. DALZELL. Yes.

Prior to that time it had been 40 per cent, so it has been the same in every tariff bill that has been made—1883, 1890, 1894, and 1897?

Mr. PLAUT. Yes, sir; and I would say, in my opinion, it is about time it was changed. A duty of 15 per cent, such as I advocate, would also prevent undervaluations absolutely. You see, in this line, specific duties, which are the ideal duties, are impossible. You would have to have a book as big as a dictionary, almost, to enumerate all of the articles, so we therefore have to have ad valorem duties. But an ad valorem duty of 15 per cent would absolutely exclude all undervaluations.

The CHAIRMAN. Why would a duty of 15 per cent exclude all undervaluations, if it is accepted, any more than 25 per cent?

Mr. PLAUT. It would prevent American manufacturers from advancing their prices more than 15 per cent above those of the rest of the world.

The CHAIRMAN. Of course that would apply under greater competition or more close competition.

Mr. PLAUT. No; I do not think there would be any closer competition.

The CHAIRMAN. But the more you make it an object for the goods to come in, the more the undervaluation.

Mr. PLAUT. There would be no object in bringing goods into this country if they can be bought here at reasonable prices.

The CHAIRMAN. I have no doubt but that if their conscience has been stretched upon one price, that it could be done upon another. Of course, I am only speaking in this manner with reference to your remarks as to the lowering of the duty. If properly protected, the less the incentive to undervaluation.

Mr. PLAUT. In reply to that; let us assume that the article is wanted at New York, and under a reduction of duty to 15 per cent. The undervaluation of 10 per cent would amount to 1½ per cent. Even a man with a very elastic conscience is not going to run the risk of conviction in court for that 1½ per cent.

The CHAIRMAN. But he certainly would stretch his conscience as much for $1,000 as for $10, would he not?

Mr. PLAUT. If it were the average human being, I would answer that in the affirmative. I am very sorry to find this attitude upon your part, for it reminds me of the average customs official who looks upon an importer as a criminal.

Mr. BOUTELL. This 15 per cent applies to manufactured perfumery, does it not?

Mr. PLAUT. No, sir; to medicinal chemicals.

Mr. BOUTELL. You manufacture perfumery, do you not?

Mr. PLAUT. Among other things; but I am not asking for any reduction with respect to perfumery.

The CHAIRMAN. Of course the 15 per cent does not apply to alcohol?

Mr. PLAUT. By no means. As long as we have the present high tax on alcohol the tax on perfumery and medicinals can not be reduced.

Mr. POU. Would this reduction make the article cheaper to the consumer?

Mr. PLAUT. Decidedly. Of course, I have not prepared any brief in his behalf, but it is in his behalf that I appear.

Mr. POU. Is it practically prohibitory now on all imported goods?

Mr. PLAUT. Yes; on all goods which are consumed in large enough quantity to make it worth while to make them here. Besides, we have, in the present tariff schedule, specific duties which are abnormal and prohibitive in most instances, and these articles could also, in my opinion, be put in the same general class. I mention boracic acid, which pays 5 cents a pound duty, equal to about 70 per cent. Citric acid, 7 cents a pound duty. Salicylic acid, 10 cents a pound duty. I do not know why, in the name of the Lord, that was ever put in. To the best of my knowledge, there is none made here. Tannic acid, 50 cents per pound duty. That was quite correct as long as we did not have denatured alcohol, which can now be used in the manufacture of tannic acid. The price of tannic acid to-day is 58 cents.

The CHAIRMAN. Are you sure about that?

Mr. PLAUT. I believe so, yes; although I am informed by a gentleman here that we have been unable to make U. S. P. tannic acid by using denatured alcohol, and that the requirements of the United States Pharmacopœia are very stringent, but I do not know that I exactly agree with that statement.

The CHAIRMAN. But the weight of authority seems to be against the statement that you made.

Mr. PLAUT. I do not concede that. Tannic acid, or tannin, now pays a duty of 50 cents per pound, and the product sells at 58 cents per pound. Gallic acid, 10 per cent. Tartaric acid, 8 cents per pound. Borax, 5 cents per pound, which is a duty of about 120 per cent. Refined camphor, 6 cents per pound. Chloroform, 20 cents per pound. That is an absurdity. Chloroform sells in this market to-day at 25 cents a pound. Iodoform, $1 a pound. Magnesia carbonate, 3 cents a pound, and it sells at that price.

Mr. HILL. What was the price of chloroform two years ago?

Mr. PLAUT. I do not think it has changed within the last two years. I would say that the method of manufacture has changed in many of these articles. Formerly, these duties were, to a great extent, justified, because alcohol had been used in their production, while that is no longer the case. Santonin, and all salts thereof, $1 per pound. The Lord knows why that was put in. For the past two years not a pound has been made in the United States. Strychnia, or strychnine, and all salts thereof, 30 cents per ounce. We sell American strychnine delivered in London, Canada, or South Africa and Austrālia at 32 cents an ounce, and yet we pay 55 cents an ounce to some American manufactures at the present time for use in our country. In other words, this entire schedule is antiquated, not up to date. It is not fair, it is not just, and it is oppressive to the consumer, and the consumer, in most instances, means the retail druggist.

Then again, on the other hand, there is a large number of articles on the free list which have no right to be there if these other articles are to be highly taxed. The duty on quinine was removed subsequent to 1880. At that time it paid 40 per cent, equal to $1.50 per ounce. To-day quinine sells in the open market at 15 cents an ounce. Why should such articles be on the free list if all the rest are to be protected? I advocate the same rate of duty on quinine that I have suggested for all other chemicals and all other alkaloids, namely, 15 per cent. That would enable the American manufacturer to compete successfully with foreign makers. As an illustration of how the thing works out, I will show you this paper, which is a price list issued during the month of October by the various manufacturing chemists of the United States, a large number of them showing changes in prices during last month. They are all uniform—absolutely uniform. We can not buy goods, not a dollar's worth, for less from one than from another. They work in absolute harmony. They dictate their prices, and the tariff wall is there to protect them in that method of doing business. I chafe under it, and protest against it.

Mr. BOUTELL. Do you mean the prices to the jobber?

Mr. PLAUT. Prices to the jobber. If you care to look at this price list, I am ready to exhibit it. You will see that the prices are uniform.

Mr. BOUTELL. Does any such custom in making prices prevail among the jobbers of the United States?

Mr. PLAUT. No, sir.

Mr. BOUTELL. And there is no fixed price prevailing among retailers?

Mr. PLAUT. No, sir; not in chemicals.

Mr. BOUTELL. Then the only factor with respect to the price is the manufacturer to the jobber?

Mr. PLAUT. Yes.

Mr. BOUTELL. And from there down to the consumer. It rests with the jobber and retailer to make what profit they can?

Mr. PLAUT. Precisely. We have absolute free trade there.

Mr. UNDERWOOD. Mr. Chairman, I would ask that that price list be filed.

The CHAIRMAN. Just one moment. Are you acquainted with the firm of Seabury & Johnson, of New York?

Mr. PLAUT. I am.

The CHAIRMAN. What is their business?

Mr. PLAUT. Plaster manufacturers.

The CHAIRMAN. Very well.

STATEMENT OF MR. W. W. SKIDDY, MANUFACTURER OF DYE EXTRACTS, STAMFORD, CONN.

Gentlemen, I know that you have a great deal before you to do, and I have already placed in one document my statement, to which I have added another document. I will take the liberty of passing it in and refrain from occupying your time, excepting just to say that I represent, with some other gentlemen, the extracts of dyewoods, tanning extracts, and the coloring manufacturers in anilines. We

are here as a committee. Those representing the anilines will speak for themselves, because, although I have made some statements in this paper, yet I am not a manufacturer of those colors, and they know more than I do about that subject. But so far as the extracts of dyewoods and vegetable matters for tanning purposes are concerned, I can only say that I do represent them. We have had our meeting of the trade, and they are in perfect harmony with the statements in the document which I put in. Mr. Heald, of Lynchburg, Va., is here, if you wish to hear him, but I would say that he is in sympathy with us, and therefore I think it is hardly necessary for me to take up your time any longer if you will accept these papers.

Mr. Skiddy filed the following paper:

STATEMENT FROM W. W. SKIDDY RE EXTRACTS, ETC., FOR DYEING AND TANNING.

OCTOBER, 1908.

EXTRACTS AND DECOCTIONS OF VEGETABLE GROWTH FOR DYEING AND TANNING.

The United States, fifty or sixty years ago, manufactured all kinds of dyewood extracts to such an extent that they really furnished the most of Europe with such goods, but the methods adopted by the Americans were gradually copied by the Europeans.

At the present time factories for the manufacture of all these articles exist in England, France, Germany, Italy, and Russia, and in some of those countries, particularly in Russia and France, the duty against our extracts is really prohibitory, whereas the largest bulk in the past years imported into this country have been of French manufacture.

A still greater and more serious blow to this line of manufacture in the United States was the introduction and use of coal-tar colors, and these colors were originally all made in Germany, and to-day a large quantity of them of unlimited variety are still made there and can not be made in this country owing to the protection given to the German manufacturers by the United States patent laws.

There is an endless variety, too numerous to mention, of combinations in colors in the coal-tar products, and they are constantly coming out under all sorts of names, and as fast as such a color is produced the same is patented in this country by the foreign manufacturers, and the result is that the coal-tar dye manufacturers of the United States are confined to the manufacture of such colors and particular grades that have become open by the expiration of patents.

In addition to this fact, the German houses representing these German manufacturers, have succeeded, from time to time, in securing a reduction in duties on these articles, until they have succeeded in making what might be classed as a German monopoly in dyestuffs in this country.

In 1897, when the last tariff act was passed, there was a great effort made by some of these importers to decrease again the duties on these various coal-tar colors and to add certain additional wording in the free list, adding naphthazarine black, or alizarine black, which was directed especially against the logwood manufacturers of this country, and this is purely and simply a coal-tar color.

This was so much objected to by all persons interested in this particular line, that the textile manufacturers of this country, the users of this article, protested, and I inclose you a printed form with a list of those manufacturers who protested against the introduction of any new articles in the coal-tar color line coming in free or the reduction of any duties on that class of goods that were not coming in free, realizing that such a change would place them at the mercy of the German manufacturers.

The effect of these articles, as already stated, in the destroying of the dyewood, mainly logwood, industry of this country is clearly shown in the fact that prior to 1900 the importations of this wood as raw material for the manufacturers of this country varied from 80,000 to 110,000 tons per year, and there were engaged in the importing of this wood and the business connected therewith from the West Indies Islands and Mexico some 40 or 50 merchants

and several steamship lines in that business; also about as many more general merchandise houses that were shipping goods to those port as return cargoes, there being then a very large fleet of sailing vessels used for that purpose, whereas at the present time there are very few houses engaged in this line of business, and for the twelve months ending the 30th of June, 1908, there was but 19,500 tons of logwood, in the stick, imported into this country, only one-fifth of the amount that used to be imported, as already shown.

In addition to these facts there were also in those earlier days about a dozen manufacturers of logwood dyes in business in this country, located in Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, and Maryland, but at the present time there are only about five or six, the others having either failed or closed out their business.

The present tariff act of 1897, clause 15, Schedule A, places coal-tar dyes and colors at 30 per cent, but in the free list, clause 469, it places alizarine, natural or artificial, as well as in 472, analine salts.

Alizarine is a name that was given originally to a certain coloring matter that was produced from madder, but at the present time is produced almost entirely from anthracene, and anthracene is produced from coal tar, and as alizarine dyes and colors are nearer and more closely allied to dyewood colors than any other group of coal-tar colors it is readily seen that this clause 469 in the free list might conflict with clause 15 under Schedule A, and result in bringing in dyes that should pay duty; also the wording in 469, "or artificial," makes the importation of these colors so uncertain that it is possible to import an article classified as an *artificial* alizarine color, allowing it to come in free, even were the same shown chemically to be a product that should be classed under clause 15 of Schedule A.

Clause 472 on the free list, namely, aniline salts, was originally distilled or made from indigo, the name being derived from the Spanish anil, meaning indigo, but was afterwards and is now produced from coal tar and when first discovered was called kyanol, and is the basis of the production of many aniline dyes.

Naphthalene is also a product of coal tar, and from this is produced various colors known as naphthazarin blue, green, red, yellow, black, etc., sometimes called naphthol black, blue, etc.

I have not gone into the detail of these various colors, but simply stated sufficient to show that all these various colors, by whatever name they may be imported and sold under, are directly or indirectly coal-tar colors.

That such importations, since 1897, has injured a manufacturing business that was at one time employing thousands of men, large capital, and a thriving general business between this country, the West Indies, and Mexico, as well as supplying a large European market, is proven by the fact that I have already stated, that where once there was 110,000 tons of logwood in the stick imported into this country, the twelve months ending June last showed but 19,500 tons.

As the representative on behalf of the manufacturers of logwood and dyes of other vegetable growths, I doubt whether I could hope for any change that would enable the revival of this line of business, but I might ask that in order to more strictly define what I think was intended in the present laws, certain alterations in the wording of the clauses I have mentioned would make clearer what the intention was, or rather what it will be in any new tariff act, and help to save what little is left of the once flourishing business in this country. These changes I will mention further on.

EXTRACTS AND DECOCTIONS OF VEGETABLE GROWTH FOR TANNING.

The manufacture of tanning extracts is closely allied with the manufacture of vegetable dyes, as the manufacturer of one class of goods often manufactures the other, and, in fact, certain goods manufactured can be and are used in part for both purposes.

A large quantity of tanning extracts have been made in this country for many years from the chestnut, oak, and hemlock trees and barks, and some from the sumac leaves, and I believe an effort has been made to make extract for this purpose from the mangrove bark in Florida.

The growth of this business in this country has been astonishing, owing, of course, to the tremendous increase in the tanning industries.

Not only are great quantities of tanning extracts made from the growth of trees and other vegetable matters of this country, but from imported raw material from other countries.

One of the newest industries in this line, started in this country about 1897, is the importing of quebracho wood, in the log, from the Argentine Republic, and manufacturing a tanning extract which has rapidly increased in favor with the tanner, owing to certain peculiar properties that seem to be of advantage to them.

In 1901 there was imported into this country a little over 10,000 tons of the wood, which was taken by the different manufacturers of this article for making the extract, and in that same year there was imported into this country from Argentina extract of the same wood which would represent about 6,000 tons.

This business increased by enormous jumps, so to speak, from year to year, until in 1906 there was about 95,000 tons of the wood brought into this country in the form of logs to be manufactured into the extract, but at the same time the increase in the importation in the same kind of extract from Argentina had been equally as astonishing, representing that same year over 63,000 tons of wood.

Owing to this growth in the business a number of Europeans, principally Germans, were attracted to Argentina and established or enlarged their factories in that country, and at the same time established agencies or houses in this country to push their goods. The result was that in 1907 the importation of the wood in logs in this country had reduced nearly 20,000 tons, whereas the increase in the importations of the extract represented about 146,000 tons.

I can not give you the figures for 1908, but, of course, they are greatly reduced, owing to the panic and decrease in general business throughout the country; but this I can say, that what figures I have show about the same relative proportion as regards the importations of the wood in logs and in extract as it did in 1907.

In fact, you will find by the statistics, and I understand that the Bureau of the Census is about ready to make public the figures showing the consumption of tan barks and extracts in 1907, and they will show without any question that the greatest increase in any kind of tanning products has been the quebracho extract, and this because, as I have already said, being due to certain qualities of this extract which is particularly advantageous to the tanner.

I should say that the consumption of quebracho extract in 1907 over 1906 was about 9 per cent, and of chestnut extract, which is made from the chestnut trees growing in Virginia and North Carolina, an increase of probably about 5 per cent, and it is safe to say that these two products composed at least, if not more, three-fourths of all the tanning extracts used in this country.

In clause 22 of Schedule A, tariff act of 1897, all extracts and decoctions of certain things entirely of vegetable growth used for dyeing or tanning are placed at seven-eighths of 1 cent per pound, but the extracts of quebracho and hemlock bark are placed at only one-half of 1 cent per pound, and the extracts of sumac and other woods other than dyewoods, which of course means tanning extracts, five-eighths of 1 cent per pound.

How this clause was ever worded in that way I of course do not understand, but I am satisfied that there was some very clever work done by the foreign houses and importers in order to show the necessity of specifying these particular articles at a rate much lower than the others.

I do not believe that it was ever the intention of any of the gentlemen of either the Senate or the House to create any tariff bill that would unjustly discriminate, and to such an extent as to favor the importer and freeze out the American manufacturer, which might be termed special legislation—that is, selecting certain extracts that should have been included in the first part of the paragraph, under the seven-eighths of 1 cent per pound, and giving them a special rate lower than that, thus enabling the foreign manufacturers to control the American market on those particular kinds of goods.

I most earnestly ask that this special classification be done away with in any new tariff act, and that all extracts for dyeing and tanning, etc., be placed under one clause, and that the rate be seven-eighths of 1 cent per pound, which would be but just to the American manufacturers, as well as removing any ambiguity.

That such a rate is necessary on this particular article can be easily proved by the difference in the cost of manufacture in the Argentine and in the United States.

As far back as 1905, when I found the imports of the quebracho extract was rapidly increasing, and was seriously affecting the manufacturing of that extract in this country, I wrote to our agent and manager in the Argentine, who takes charge of our business there—he living in Buenos Aires—asking him why there was such a steady increase in the extract of quebracho sent from the Argentine, and at such very low prices, in the face of steady advance in the wood, and I quote you his reply, as follows:

"BUENOS AIRES, ARGENTINE REPUBLIC,
January 9, 1905.

"To the STAMFORD MANUFACTURING COMPANY,
"*New York.*

"DEAR SIRS: On several occasions lately you have informed me that Kleipstein, who represents in the States the German company La Forestal, of this city, is dumping, so to speak, quebracho extract in your market at a much lower figure than you are able to produce it at the present price of the raw material, and that if this continues you will have to reduce, and perhaps even have to stop, this line of business.

"You ask what is the cause of the present high prices of quebracho wood, and if there are prospects of same coming down to normal figures.

"It will be remembered that eighteen months ago the price of the raw material or quebracho wood in logs was fully 40 per cent lower than at present, and the reasons that the price has gone up so are, first, on account of the forestal trust down here or a combination amongst the local producers to keep up the prices of the raw material which is placed on the market for export, so that they may export extract or the manufactured article and place it on the American market at a much lower figure than you are able to do so; and, secondly, on account of the great expenses attached to the handling of these logs in bringing them to the coast, and, further, on account of the new tax or tithe which the Argentine Government has imposed on the wood.

"The manufacturers here all have their establishments in the Chaco, in the heart of the quebracho growths, consequently railroad freights, the heavy shipping and handling expenses, and the new tax do not figure in their expenses; they do not have to build substantial warehouses, sheds, and factories, like you do, for the climate is semitropical, and all that is required is a roof, hence a big and important item in building expense is saved. The machinery is imported from Germany, and I understand is imported free of duty, in order to help local home industries in the way of manufactures; but the most important factor undoubtedly is the labor question.

"The common laborer up in the Chaco is exceedingly well paid at $18 United States gold per month when hired by the month, and $1 gold is outside pay for the best laborer when taken on by the day, with no regular work. The skilled laborers and mechanics are mostly Germans and Italians, who are satisfied with very little pay, their wages running about 40 per cent to 30 per cent less than wages for the same class of work in the States.

"The cost of living up in these regions is next to nothing, the whole country round about being one of the best cattle raising, cereal, and vegetable producing in the southern half of America.

"Dwellings are very readily and cheaply built, and as aforementioned a roof is practically all that is required, and, being in the midst of timber, a white man's dwelling is a very small item.

"We then have the quebracho log at the door of the factory or within easy reach. No freight on quebracho logs, and the corresponding railroad freight on the extract being only one-fifth the charge we have to pay, or, in other words, as 4 tons of wood produce 1 ton of extract, we pay freight on that ton and they pay a less freight on 4 tons of extract. No heavy charges in the handling and shipping of the wood. No high wages for labor. Forty per cent cheaper skilled labor and mechanics. No heavy building expenses. No high steamer freight. On the above proportion of 4 to 1, we pay four times as much freight on the manufactured article as the trust pay.

"On this side everything is being done to help manufacturers and home industries, and as the Forestal are reaping such great profits in the extract trade to the States, there are several important companies (not one American) now starting with the same economical facilities at their disposal and intend to ship extract to the States.

"In my opinion the only way to save the situation would be a slightly higher import tariff at your end to protect an home industry. This would reduce the importation in the States of the manufactured article, and all the different woodcutters and producers down here would have nearly all their supplies of raw material to dispose of, prices would then drop, you would get the logs cheaper, and buyers of extract would get their supplies of extract cheaper likewise.

"Failing this, it is undoubtedly the intention of the Forestal combine to push us out of the business and market now by offering extract at lower prices than you are able to produce it, and after they have succeeded they will have the market entirely at their mercy.

"I am, dear sirs, yours, very truly,

"W. F. WALKER."

I would also state that there are several quebracho extract manufacturers in Germany, and in order to stop the combination in the Argentine Republic from destroying these factories in Germany, the German Government in 1906 placed a duty on the solid tanning extracts at 28 marks per hundred kilos, which is a little over 3 cents per pound, and on the liquid extract of the same 14 marks per hundred kilos, which is a little over 1½ cents per pound, and all extracts above 28° Baumé was to be considered as solid.

In consequence of the above, all these manufacturers in the Argentine Republic have been forced to unload all of their product into the United States, and the figures that I have given you showing the increase in the importation fully proves that this is the fact.

The conditions in this quebracho business so much impressed our consul-general at Buenos Aires that he wrote, in 1905, to the State Department at Washington relative to this matter, and, although he was not quite correct in his statements, he was under the impression that there should be some action taken in order to protect the American manufacturers on account of the enormous increase in shipments from that port of the manufactured article to the United States.

In a letter received from our agent and manager from Buenos Aires in 1907, he states that an agreement had been made between several of the quebracho extract manufacturers of the Argentine Republic as to the fixing of the price and the selling of the extract, and says "The signing parties are the Forestal, the Puerto Sastre Company, which is Mihanovich, T. H. Bracht & Co., the Fusionados Paraguayos, which are Purto Max, Puerto Marie, and the Industrial Del Chaco, and last, Casados."

These statements, in connection with mine, show, I think, conclusively, the conditions in the Argentine Republic, and with the necessary action taken by the German Government for their protection, the unfortunate and deplorable conditions that that line of industry has been placed in this country.

I have no desire to ask for myself or others in the business any undue protection, and I do not believe that you will consider that I am in any way asking for an excessive duty when I ask that it be placed in clause No. 22, with the other extracts at seven-eights of 1 cent per pound, especially when the German Government found it necessary to protect their manufacturers to place the duty at something over 3 cents per pound.

Further difficulties that have beset the business of tanning extracts in this country have been the introducing and importing into this country since the present tariff act of 1897 of tanning extracts made from mangrove bark and other barks, which grow very plentifully in all the tropical countries, namely, Africa, India, Cuba, and Central and South America, and containing large percentages of tannin. These extracts, in order to avoid the duty of seven-eighths of 1 cent per pound, are being shipped into this country under the name of "cutch," as found in clause 542, free list, and this action has produced a great deal of controversy in the appraisers' department, where a case was tried which, I believe, proved to be the longest case ever held in the appraisers' department, and, of course, the details of that case can be procured from that department in the city of New York.

Cutch has, as far as I can remember, always been on the free list, but when originally placed there this mangrove and other extracts for tanning purposes were not known, the only cutch coming in at that time being the extract or decoction from the acacia catechu, and used for dyeing.

In order in the future to avoid such misrepresentations, I would submit a suggestion as to the wording of this particular article and some others, defining what they are.

Prior to 1897 there were about three distinct makes of true cutch that came into the market, bearing, however, a great many names, as each importer wished to have his individual mark in order to have the impression formed that it was something different and better than the other brands, and one particular make, as I remember it, came into this country from India under 15 different brands, but all as cutch.

About all these old brands of true cutch have long since ceased to be manufactured and imported, as the textile manufacturers use but very little of that article at the present time, but there have been new brands adopted, 20 or more in number, coming in as cutch, all of which were made from either mangrove or other barks for tanning purposes, and were not in any sense a cutch as understood when it was so placed originally upon the free list.

In clause 20, Schedule A, tariff act of 1897, certain articles that have been advanced in value or condition by grinding, etc., had to pay one-fourth of 1 cent per pound in addition to 10 per cent ad valorem. There have been importations of woods or dyewoods coming into this market that have been either cut, or chipped as it is termed, or ground and passed in free as a raw material, but I claim that this was against the law as shown in clause 20, for in clause 548, on the free list, very much the same wording is used as in clause 20, in Schedule A, with the exception that it states that all these articles are free provided they are in the crude state.

The crude state is perfectly understood in the market, or certainly ought to be, which is the shipping of them as they are gathered from the trees, bushes, vines, or the roots, and the wood simply in logs as they are produced by cutting down the trees.

I have taken the liberty, in representing these interests of the United States, to offer certain suggestions as to the wording of various clauses as they stand now in the present tariff act, believing that a clearer definition as to these various articles would at once remove the ambiguity, doubt, and continual suits before the appraisers as to what they really are, and would also remove the bringing in of articles under false names in order to avoid paying the duty as intended in the act by our Government.

There is one word that I have left out of my proposed articles for the reason that I believe that it is dangerous, and, in fact, I know that in several of the suits that have been brought before the appraisers the word has been seized upon by the importer, or his attorneys, as amounting to a great deal, when really it is but a technicality in the wording which was taken advantage of. This word is "*commonly.*" For instance, in clause 22, Schedule A, of the present act it states "such as is *commonly* used for dyeing or tanning." They are either used or not used for dyeing or tanning, and one may use one thing and another man another thing.

There is another term that seems to have crept into the appraisers' department which is still more dangerous, and why there is so much stress placed upon this particular phrase I can not understand, and think that it ought to be done away with, namely, "*commercially known.*"

In the cutch case referred to the importers made a great deal of the fact that the mangrove extract was *commercially known* as cutch and that they imported it and sold it as cutch, but they knew—that is, the importer—that it was mangrove extract, and the purchaser knew it was mangrove extract for tanning purposes, otherwise the importer could not have sold the article to the tanner and the tanner would not have purchased it had they not known, both of them, that the word was wrongly and I may say falsely used for the purpose of escaping the duty and thereby reducing the cost seven-eighths of 1 cent per pound.

It is a very easy matter to give any article a certain name, and import, buy, and sell under that name and thereby establish a fact that it is *commercially known* by that name, and imported, bought, and sold under that name, and I believe that this form of argument has greater weight in the appraisers' department than the fact with all the proofs that the so-called article is something else.

With this statement I offer the following suggestions, and trust that I will not be considered officious in so doing, for I can assure you that it gets to be a very wearisome and discouraging business to be constantly fighting for what you honestly believe to be right, against all kinds of subterfuges and technicalities that are used in order to injure you as a manufacturing concern.

CHANGES SUGGESTED IN THE PRESENT TARIFF (ACT OF 1897), IN ACCORDANCE WITH THE PETITION ATTACHED.

In the dutiable list.

In clause No. 15, Schedule A, have the same read as follows: Coal-tar dyes or colors, whether under the name of aniline or naphthalene dyes, or any other name, when such dyes or colors are directly or indirectly the product of coal tar, and not specially provided for in this act, 30 per cent ad valorem, all other products or preparations of coal tar not colors or dyes and not medicinal, not specially provided for in this act, 20 per cent ad valorem.

In clause No. 20, the same schedule, to read as follows: Drugs, such as barks, beans, berries, balsams, buds, bulbs, bulbous roots, excresences, fruits, flowers, dried fiber, dried insects, grains, gums and gum resin, herbs, leaves, lichens, mosses, nuts, nutgalls, roots, stems, spices, vegetable seeds (aromatic, not garden seeds), seeds of morbid growth, weeds, and woods used for dyeing or tanning, any of the foregoing which are drugs and not edible, but which are advanced in value or condition by refining, chipping, grinding, or any other process and not specially provided for in this act, one-fourth of 1 cent per pound and in addition thereto 10 per cent ad valorem.

In clause No. 22, the same schedule, to read as follows: Extracts and decoctions, under any name, of logwood or other woods, or of barks, beans, berries, bulbs, leaves, roots, nuts, or any vegetable growth such as are used for dyeing or tanning, not specially provided for in this act, seven-eighths of 1 cent per pound.

In the free list.

Clause No. 469, as follows: Alizarine, derived from madder or from anthracene, and dyes derived from the same.

Clause No. 472, as follows: Aniline salts.

Clause No. 482. Remove this clause and have it become a part of clause No. 548, as will be seen further on.

Clause No. 527, as follows: Cochineal. A derivative of the female insect *Coccus cacti* used for dyeing.

Clause No. 539, as follows: Cudbear, or archil (a dye derived from various species of lichen), used for dyeing.

Clause No. 542, as follows: Cutch (an extract from the *Acacia catechu*), used for dyeing.

Clause No. 546, as follows: Divi-divi (the husks of the cæsalpinia), used for tanning and as a mordant in dyeing.

Clause No. 548, as follows: Drugs, such as barks, beans, berries, balsams, buds, bulbs, bulbous roots, excresences, fruits, flowers, dried fiber, dried insects, grains, gums and gum resin, herbs, leaves, lichens, mosses, nuts, nutgalls, roots, stems, spices, vegetables seeds (aromatic, not garden seeds), seeds of morbid growth, weeds, and woods used for dyeing or tanning, any of the foregoing which are drugs and not edible, but which have not been advanced in nature or condition by refining, chipping, grinding, or by any other process, but are in the crude state.

Clause No. 563, as follows: Gambier (an extract from the leaves of the catechu or *Uncaria gambicr*), used in dyeing and tanning.

Clause No. 592, as follows: Lac dye (derived from the insects *Coccus laccao*), used for dyeing.

Clause No. 604, as follows: Madder or Turkey roots (made from the roots of the *Rubia tinctorum*), used for dyeing.

Clause No. 617, as follows: Moss, seaweeds, and vegetable substances which have not been advanced in value or condition by refining, chipping, grinding, or by any other process, but are in a crude state.

Clause No. 619, as follows: Myrabolams (the fruit or nut of the terminalia), used for tanning and as a mordant in dyeing.

Clause No. 682, as follows: Terra japonica, same as cutch.

Clause No. 686, as follows: Turmeric (the roots of the *Curcuma tinctoria*), used for dyeing.

NOVEMBER, 1908.

EXTRACTS AND DECOCTIONS OF VEGETABLE GROWTH FOR DYEING AND TANNING.

In addition to the statement already furnished your committee, I beg to offer the following:

LOGWOOD.

Allowing for the various grades of logwood, it is fair to state logwood liquor, as generally sold, standing in density at about 28° Beaume, represents from 2½ to 3 tons of wood, solid extract represents from 4 to 4½ tons, and the dry extract or crystals from 6½ to 7 tons. The freight, insurance, and other expenses on the wood from Central America and the West Indian ports is about $4 per ton and the freight on the extracts are about the same, in fact sometimes slightly less, as they are more easily handled and packed more compactly.

Under these circumstances, I beg to call your attention to these facts, that in 1 ton of logwood liquor, at $4 per ton freight, etc., delivered here, means for the amount of wood required for that quantity about $12, leaving a difference of $8 per ton in favor of the importer and against the American manufacturer. If in solid form, it would be $4, as against $18 for the quantity of wood necessary to produce the same, or a difference of $14 in favor of the importer; if in the dry, or crystal, form, it would be $4, against $28, or a difference of $24 per ton in favor of the importer.

The present duty is seven-eighths of a cent per pound, which equals $19.60 per ton, and from the above figures you will note that this will make but $11.60 per ton on the liquor, at 28° Beaume, in favor of the American manufacturer, on the solid in their favor of $5.60 per ton, and on the dry, or crystals, in favor of the importer an amount of $4.40 per ton.

These differences are simply the differences in freight, insurance, etc., and has nothing whatever to do with the difference in labor, which is as follows:

The amount paid the ordinary or common labor in the countries where the logwood comes from is from $12 to $14 per month and their rations, these rations consisting simply of pork and the cheapest grade of flour which is exported from this country. The total will be from $24 to $26 per month, or from 93 cents to $1 per day, and the same labor in this country from $1.50 to $1.60 per day.

I have no desire to exaggerate or to place the difference at a greater amount than really exists, but as the difference is so great I have to make this statement for fear that it would seem that I was exaggerating, but having given you the exact figures I can state that they can be easily verified without a great deal of trouble.

In taking the difference of these various statements for and against the American manufacturer and the importer, we have in favor of the importers a difference of 61 per cent in wages, and in freights, taking the dry or crystal form, a difference of 550 per cent in their favor, making a total of 611 per cent.

In figuring the above differences in the actual cost of manfacturing per pound we find that the difference in the wages is just about covered by the present duty of seven-eighths of 1 cent per pound, and that in the difference as to the freight, etc., it would be not quite 1¼ cents per pound, and this, added to the present seven-eighths of 1 cent, would be a little over 2 cents per pound.

Under these circumstances we feel that it is perfectly just in so doing that in order to cover the difference between the labor that the seven-eighths of a cent per pound specific duty remain as at present and cover all importations of the decoctions and extracts in liquid form—that is, not exceeding 28° Baumé in density—as the bulk in shipping in barrels adds materially to the freight, and that an additional duty of 10 per cent ad valorem be added to the seven-eighths of a cent specific on all decoctions and extracts above 28° Baumé.

This difference between the liquids and the solids is made by the French, German, and tariffs of other countries, and 28° Baumé is the universal density used to distinguish between the liquid and solid form.

In asking this we are simply asking you to do what is the custom in Germany, France, and other countries, and as these two countries and others have created a minimum and maximum rate in their tariffs, we would ask that this be established as the minimum rate and that a maximum rate be also established to protect the American manufacturer in case of retaliation by the vari-

ous countries in placing any additional export duty on the raw materials which the American manufacturer imports in order to make these extracts.

I should like also to add that conditions have changed in the last twelve or fifteen years so far as wages in this country are concerned, they having advanced very greatly in that time, and ordinary or common labor that we could secure at from $1 to $1.10 per day is now $1.50 to $1.60, and skilled labor in the same proportion, and the increase that we ask in duty on these goods is largely for the purpose of maintaining these wages or else be obliged to try and force them down to the old rates, which we believe would be almost impossible, and if so, it then would mean the gradual wiping out of this industry in this country by the foreign manufacturers.

QUEBRACHO EXTRACTS AND DECOCTIONS.

In connection with quebracho extracts and decoctions, I would state that the liquor, as sold in this country, represents from 1½ to 2 tons of wood and the solid from 3 to 4 tons of wood, and that the freights, etc., do not vary materially with those on the logwood, namely, about $4 per ton. This difference on the liquor would make a difference of $4 per ton in favor of the importer and on the solid a difference of $12 per ton in favor of the importer.

The present duty is only one-half of 1 cent per pound, which amounts to $11.20 per ton, making in the liquor a difference in favor of the American manufacturer of only $7.20 per ton, but on the solid extract a difference in favor of the importer of 80 cents per ton.

I have already quoted a letter from our agent in the Argentine Republic, in my first statement, which shows that wages for ordinary or common labor in that country is $18 per month, or 70 cents per day, and if you compare this with wages in this country for the same labor, of $1.50 to $1.60, the average will show a difference of 120 per cent, and in the same letter our agent states that skilled labor is from 30 to 40 per cent less.

We would therefore ask that, in the first place, there be no discrimination in clause 22, and that the duty be fixed at seven-eighths of 1 cent per pound specific on this article, the same as others in the same paragraph, and that an additional ad valorem duty of 10 per cent be placed on all decoctions or extracts above the density of 28° Baumé.

As the difference is greater in labor in connection with quebracho than logwood, as between the foreign manufacturers and the American, it would take all of the seven-eighths of a cent per pound to cover the labor, and certainly this reason why there should not be the distinction used as formerly at putting that article at one-half cent instead of seven-eighths.

The difference per pound in relation to freight, etc., on this article, as between the solids and the wood required to manufacture the same quantity, does, when figured out per pound for the extract as against the quantity of wood, amount to .00536 cent per pound, and therefore we would ask that exactly the same wording be used for this article as is proposed for the logwood and decoctions of other extracts, namely, that the specific duty be seven-eighths of 1 cent per pound, and that all decoctions or extracts above 28° Baumé density pay the additional rate of 10 per cent ad valorem.

As large quantities have been sold from the Argentine Republic in this country for the last eighteen months at 3 cents per pound, duty paid at one-half cent per pound, we are not asking as much as these figures worked out actually represent, for the actual difference between the labor, namely, seven-eighths of a cent or .00875, and the actual difference between freight, etc., being .00536, makes a total difference of .01411, and the difference in accordance with 3 cents for the solid as brought into this country, as above stated, would make the actual difference a small fraction over 1 cent per pound.

In my first statement I gave you the figures showing the increase in the importations of both the dyewood and tanning extracts into this country, basing them on the raw materials from which they are made, and it proved conclusively that my statements are not made in any way from guesswork; and being aware that your committee have every means of knowing the imports of all these various materials, as well as the rates of wages in those countries, it would be the height of stupidity for me to make any misstatements, and, therefore, I have no fear of your investigation in the way of figures in what I have herein set forth.

STATEMENT OF MR. N. B. ARNOLD, OF THE KEYSTONE VARNISH COMPANY, BROOKLYN, N. Y., AND REPRESENTING THE VARNISH MANUFACTURERS' NATIONAL ASSOCIATION.

Mr. ARNOLD. I came to represent the varnish committee. I have nothing to recommend. The varnish men are satisfied with things as they are. There is no duty, I believe, on gum, and we use a rosin and benzine made in this country. There is a duty on varnish which is perfectly satisfactory.

Mr. UNDERWOOD. Is that duty on varnish prohibitive?

Mr. ARNOLD. Not at all. You will find foreign varnish sold here all the time.

Mr. UNDERWOOD. How much varnish is made in this country?

Mr. ARNOLD. Do you mean in dollars and cents?

Mr. UNDERWOOD. Either dollars and cents or otherwise.

Mr. ARNOLD. I have never figured it out, and I do not know how much varnish is made in this country.

Mr. UNDERWOOD. Has the passage of the denatured alcohol bill greatly reduced the cost of manufacture of varnish in this country?

Mr. ARNOLD. Of a certain class, alcohol varnishes. The bulk of the varnish used in this country is linseed oil varnish.

Mr. UNDERWOOD. As to the alcohol varnishes, the trade could stand a reduction in present rates of duty, could it not?

Mr. ARNOLD. Certainly.

Mr. UNDERWOOD. What rate of reduction do you think would be fair, in view of the passage of the denatured alcohol bill?

Mr. ARNOLD. It would be fair to put them on the same basis as others.

Mr. UNDERWOOD. What is that?

Mr. ARNOLD. Twenty-five per cent. While we are not believers in any change at all, yet if there is going to be a change, we would rather have a fixed amount.

Mr. UNDERWOOD. What is the present rate on alcohol varnish?

Mr. ARNOLD. I do not know.

Mr. HILL. One dollar and thirty-two cents a gallon and 35 per cent ad valorem.

Mr. UNDERWOOD. Do you think it could fairly be reduced to 25 per cent ad valorem?

Mr. ARNOLD. Yes; that would be perfectly satisfactory. We are not believers in changing the thing at all. We believe that if the whole situation should be left as it is so far as our industry is concerned, we would be better off. We do not believe in any of this talk about shipping goods outside of the country to get rid of them, or anything of that kind. We are able to supply anybody in the world, and we do not ship anything away because we have a surplus. We do not believe that there is any such thing as a surplus in any factory, and never have believed so. Goods that are sold in foreign countries are sold at a profit by everybody. That is what we believe.

Mr. HILL. Do you claim that the spirit varnish should be put on the same basis as the oil varnish, in view of the law passed with reference to denatured alcohol?

Mr. ARNOLD. Yes, sir.

Mr. HILL. And that is 35 per cent?

Mr. ARNOLD. Thirty-five per cent would be satisfactory.

Mr. HILL. There is very little importation in your line, is there not?

Mr. ARNOLD. A very small amount; yes.

Mr. HILL. Where does it come from?

Mr. ARNOLD. From England, principally. Some French goods come in, but not very much.

Mr. COCKRAN. Would a reduction of the rate of duty permit importation?

Mr. ARNOLD. I do not think it would.

Mr. COCKRAN. Have you any objection to a reduction of the rate?

Mr. ARNOLD. No; none at all.

Mr. COCKRAN. Would a reduction to 25 per cent be too much?

Mr. ARNOLD. No, sir. But we believe that all matters, so far as our business is concerned, would conserve to the continuation of good business if there was no change. We simply say that because, if there is talk about a change, a man will say: "I will not buy this year, because it may be cheaper next year;" and not that the amount of the goods that would come in would interfere with the business at all.

Mr. COCKRAN. Then you think that a reduction in the rate of duty would not stimulate the importations to any extent?

Mr. ARNOLD. No, sir. I do not believe there would be any difference.

Mr. COCKRAN. Can you state at what rate of duty the importations would stop or what rate of duty would stimulate the importations?

Mr. ARNOLD. I do not believe any difference would be made. If you reduced the rate of duty to 25 per cent it would be perfectly satisfactory.

Mr. COCKRAN. And would not increase the imports?

Mr. ARNOLD. Not to any extent. You see, all varnish in this country is a great deal lower in price than the foreign varnish to-day. The English manufacturers claim that they make better goods, and there has been a great deal of feeling among some of the old finishers in the carriage factories upon that matter, but when the Valentine people come in with a varnish that could not be made on the other side, then they commenced to sell, and the American goods have gone ahead. You understand that the quantity, so far as dollars and cents in the carriage business is concerned, or gallons, is small. The great amount of varnish is used for finishing houses, pianos, and varnishing of all kinds, not so much the carriage business, and the English goods to-day are used almost exclusively in the carriage trade.

We would rather have some duty on the products, because there is no use in inviting troubles.

Mr. COCKRAN. But, as a matter of fact, you are able to compete with the foreigner?

Mr. ARNOLD. Absolutely. We go into the foreign countries and compete with the world. We sell the goods, and those shipments are increasing from year to year, the goods being sold at a profit. There is no dumping ground for varnish. I have sold goods in foreign countries, all over the world, myself; as far back as 1882. I do not believe this story about giving away goods to get rid of them. I will say that I sold sewing machines in 1882, abroad, at a price of $19.50 for the same machines that were selling in this country for $65, and

they were not made anywhere else excepting in this country. And I will say, too, that I made money out of it.

Mr. COCKRAN. Where did you sell them?

Mr. ARNOLD. In South Africa.

Mr. COCKRAN. At a profit?

Mr. ARNOLD. Yes.

Mr. COCKRAN. There was some difference in the profit between Africa and America, was there not?

Mr. ARNOLD. Yes.

Mr. POU. And the same kind of machines were sold as here?

Mr. ARNOLD. Yes, and at a price of $65. I sold plows in South Africa for $8.50 that you could not buy for less than $12.50 up to $20 in this country. And I say that all this rubbish about dumping goods in foreign countries is nonsense. I have been connected with the foreign business, as I say, for three years, and I want to say that I can do better business here than I can over there. I have been over there looking the situation over, and there is nothing in it.

Mr. COCKRAN. Then the protection that you ask is the merit of your products?

Mr. ARNOLD. That is it. We can compete with the world. Our best market is the United States, and everybody knows that. Everybody that sells goods for export sells just that much more——

The CHAIRMAN. Let me ask you, are you an exporter, an importer, a manufacturer, or what? [Laughter.]

Mr. ARNOLD. I have been a little of everything.

Mr. COCKRAN. And therefore you speak from experience?

The CHAIRMAN. What is your principal business—exporter, importer, or manufacturer?

Mr. ARNOLD. I will tell you in a few words just what I was.

The CHAIRMAN. No; tell us what you are.

Mr. ARNOLD. I first went into the hardware business on Chambers street, and next into the export business, when I sold goods with Mr. Douglas, who was a former Congressman, and a gentleman whom no doubt many of you know. I next went on the produce exchange and went on the floor selling grain. I then went into the varnish business, and have been manufacturing varnish for fifteen years, so that I have had a varied experience.

Mr. COCKRAN. I understand you sold your varnish abroad.

Mr. ARNOLD. I have sold varnish abroad.

Mr. COCKRAN. How much varnish have you sold abroad in the last year?

Mr. ARNOLD. Maybe $5,000 worth.

The CHAIRMAN. How much did you sell in this country?

Mr. ARNOLD. $350,000 worth last year.

The CHAIRMAN. Has that been about the usual proportion?

Mr. ARNOLD. Yes, sir.

Mr. COCKRAN. Did you sell the $5,000 worth abroad at the same rate as in this country, the same rate to the consumer?

Mr. ARNOLD. For export you sell to commission men in New York who ship it to what would be called "jobbers," who are people who buy all classes of goods in the foreign countries. We sell some classes of varnish to the jobber abroad that we would sell here at the same price. The only thing is that in most cases the quality of varnish sold abroad is far inferior to what we sell here. [Laughter.]

Mr. COCKRAN. Your remarks are most illuminating.

Mr. HILL. Do you make spirit varnish?

Mr. ARNOLD. Yes, sir.

Mr. HILL. Do you make it from wood alcohol or from grain alcohol?

Mr. ARNOLD. From wood alcohol and denatured alcohol, both. We make a little with the grain alcohol, but we try not to do that.

Mr. HILL. How are you going to continue the rate of $1.32 per gallon upon spirit varnish when making it from wood alcohol when the reduction has been only about 30 cents a gallon on wood alcohol?

Mr. ARNOLD. Of course you understand that there are a lot of people in the United States who would not accept wood alcohol or denatured alcohol, and who have to have grain alcohol straight, and we have to make it for those people. Now, if you make it out of grain alcohol and pay the tax, you would have to have some protection on grain alcohol in order to be consistent. If you have an internal-revenue tax on one thing, you have to keep up the tax on the things it is made out of.

Mr. HILL. But you do not pay any internal-revenue tax on alcohol used in varnish now?

Mr. ARNOLD. Do you mean if we used grain alcohol?

Mr. HILL. No; denatured alcohol.

Mr. ARNOLD. But you can not use denatured alcohol for all of it.

The CHAIRMAN. Mr. Hill refers to a difference of about 30 cents in the rate between wood alcohol and grain alcohol.

Mr. ARNOLD. I think he is wrong about that; I think there is a greater difference than that.

Mr. HILL. With a reduction in price of wood alcohol, by reason of the denatured-alcohol law, of 35 cents you could not justly ask for a duty of $1.32?

Mr. ARNOLD. No, of course not; not on wood alcohol.

Mr. UNDERWOOD. And on all goods manufactured from wood alcohol and grain alcohol you could take the duty off?

Mr. ARNOLD. Certainly you could.

STATEMENT OF F. T. WALSH, OF THE FIRM OF THOMAS LELAND & CO., BOSTON, MASS.

Mr. WALSH. I wish to call your attention, Mr. Chairman and gentleman of the committee, to three articles in this Schedule A, one of which is commonly termed "Persian berry extract."

Mr. POU. What section is it?

Mr. WALSH. It is not in any section, but is in Schedule A.

Mr. DALZELL. Under what paragraph does it pay duty?

Mr. WALSH. That is a question.

Mr. DALZELL. What does it pay?

Mr. WALSH. Up to a recent time it has paid seven-eighths of a cent. It would be classed under paragraph 22 of Schedule A. If you will allow me I will come to that point. Persian berry extract—you will not find it in the tariff at all—is an article used in dyeing and tanning, and is similar in its uses to the articles mentioned in paragraph 22, Schedule A. Until a recent time it has been classified in all tariffs under what is called the "similitude" clause, which is section 7 in the

back of the tariff; that is, being similar in its uses, and so on, to the articles mentioned in section 22 of Schedule A.

Mr. HILL. What is the commercial name of it?

Mr. WALSH. Persian berry extract, commonly known as "berry extract."

The CHAIRMAN. Under this decision, it is classified under paragraph 6, is it not?

Mr. WALSH. It has been classified in all tariffs under section 7, into paragraph 22, Schedule A.

Mr. DALZELL. And at seven-eighths of a cent a pound?

Mr. WALSH. Yes, sir.

Mr. DALZELL. That is not the same thing as carmined Persian berry?

Mr. WALSH. Carmine is a pigment made from the Persian berry.

The CHAIRMAN. Does it come under section 6, which reads as follows:

That there shall be levied, collected, and paid on all raw or unmanufactured articles, not enumerated or provided for in this act, a duty of 10 per cent ad valorem, and on all articles manufactured in whole or in part, not provided for in this act, a duty of 20 per cent ad valorem?

Mr. WALSH. No, sir; it does not. If you will allow me, sir, I can, in a few moments, straighten you out upon the point I am after.

The CHAIRMAN. Has it not come in as a paint under paragraph 58?

Mr. WALSH. No, sir. It has always been classified under paragraph No. 22 of Schedule A by the similitude clause, which is section 7 in the back of the tariff act, and at seven-eighths of a cent per pound duty, until a firm in New York began to import what they called "Persian berry extract," which is not the Persian berry extract as we have always understood it, it being a powder, and manipulated by chemicals and otherwise to produce an article which is used in coloring butter. This Persian berry extract, which is a liquid, a thick liquid, resembling molasses in consistency, has always been of the same general characteristics, and it is covered by this decision of the Board of General Appraisers, as well as the court's decisions.

The CHAIRMAN. Do you want it to come in under paragraph 22?

Mr. WALSH. Yes, sir.

Mr. HILL. Do you not think this language would cover it: "All extracts of vegetable origin not containing alcohol and not specifically provided for in this act?"

Mr. WALSH. Yes; I believe it would. I had not seen that before. In other words, I would like to get the article fixed.

Now, the other article to which I would like to call your attention is what is known in the trade as nutgall extract. You will not find it in the tariff. After about two years of litigation, I think, it was finally landed in paragraph No. 20, Schedule A. Perhaps you already have it there before you. I would like to have that fixed in the tariff.

The CHAIRMAN. It has been classed as tannic acid.

Mr. WALSH. It has been taxed one-quarter of 1 cent per pound and in addition thereto 10 per cent.

The CHAIRMAN. And you want it put back into the old classification, where it stood before?

Mr. WALSH. No; I would like to have it put where the court and the appraisers had landed it.

The CHAIRMAN. That is, you think it ought to be specifically mentioned?

Mr. WALSH. Yes, sir; and letting the duty be fixed.

Paragraph No. 20 is all right, so far as I know. It should be one-quarter of a cent a pound and 10 per cent ad valorem.

Mr. GAINES. What is the product you are speaking about?

Mr. WALSH. Nut gall extract. It is used in printing and dyeing very largely, and the court has placed it there.

The CHAIRMAN. If that was specially mentioned in paragraph 22 it would answer your criticism, would it not?

Mr. WALSH. Yes; if it was so mentioned, and a specific duty placed upon it. But I think it should be put in at paragraph 20, Schedule A.

The CHAIRMAN. And you want is specifically mentioned in the paragraph?

Mr. UNDERWOOD. What would be the effect of that, a reduction or an increase, under the present schedule?

Mr. WALSH. There would not be any change, because the courts have settled it after two or three years' litigation.

Mr. UNDERWOOD. It would not increase or decrease the present amount?

Mr. WALSH. I think not.

Mr. COCKRAN. What was the effect of the court decisions?

Mr. WALSH. It made it possible to import some before it was absolutely prohibitive.

Mr. COCKRAN. The operation of the court's decisions was to lower the rate?

Mr. WALSH. Yes, sir. While the article sells for 30 cents per pound—anywhere from 28 to 30 cents—the rate of duty was 50 cents per pound.

Mr. COCKRAN. What is the rate of duty now?

Mr. WALSH. A quarter of a cent, and 10 per cent ad valorem.

Mr. COCKRAN. That is about 3¾ cents?

The CHAIRMAN. Now, Mr. Walsh, what is the other item?

Mr. WALSH. The other item that I would like to have considered is castor oil. Probably when the original tariffs were made castor oil was used principally for medicinal purposes, but in the trade there is a large use for the lower grades, the No. 2 and No. 3 quality; and while that sells to-day for in the neighborhood of 9¼ cents per pound, and as castor oil is pretty nearly as heavy as water, allowing 8 cents a pound and 8 pounds to the gallon, you get about 74 cents for the cost of a gallon of castor oil in this market. The duty is 35 cents per gallon.

The CHAIRMAN. The ad valorem is about 35½ per cent.

Mr. WALSH. It is 35 cents a gallon.

The CHAIRMAN. No; 35½ per cent.

Mr. WALSH. It will be found in section 33, Schedule A—35 cents per gallon. The price in this market has moved up and down, according to the price in the foreign market.

The CHAIRMAN. Do you know the price abroad?

Mr. WALSH. I could not tell that. My observation has been that the price of castor oil in this country is seldom governed by the law of supply and demand, but by the price of the article abroad. By adding the duty, the price is made sufficiently low so that a foreign article can not come in. The result is that this article is in the hands

of a few men, who have dictated the price at their pleasure, practically.

Mr. COCKRAN. Please tell us what your proposal is.

Mr. WALSH. I haven't any proposal. I simply ask that you consider the matter in relation to its use in the arts.

The CHAIRMAN. How much labor is in the manufacture; what is the cost of labor?

Mr. WALSH. I could not tell you that, because I am not a castor-oil maker, but I am a castor-oil user.

The CHAIRMAN. The difficulty is that you express a wish, but give no basis upon which we can act.

Mr. WALSH. I will endeavor to do that.

Mr. COCKRAN. You say that there is a use for castor oil different from the generally accepted notion. Please tell us in what way.

Mr. WALSH. In tanning leather. It is used in large quantites in other ways, in the textile trade and in other trades. The No. 3 is usually used for that purpose because it is cheapest.

Mr. COCKRAN. Then your idea is to have a lower rate of duty on the inferior quality of castor oil, so as to stimulate its use in those trades?

Mr. WALSH. That is the idea, and so that the manufacturer can not dictate the price, and so that the price will become less.

Mr. COCKRAN. According to your statement he has a duty of practically 50 per cent.

Mr. WALSH. No, practically 100 per cent.

Mr. COCKRAN. I thought you said the cost was about 70 cents?

Mr. WALSH. It costs, in this market, about 72 cents.

Mr. COCKRAN. What does it cost abroad?

Mr. WALSH. I can not tell you that offhand.

Mr. COCKRAN. Then how do you fix it at 100 per cent?

Mr. WALSH. I can not say at the moment, because I did not bring the figures with me, but it is a fair statement to make, judging by the prices I get from abroad on castor oil. From that I gather that the price in this market is usally the price abroad, plus the duty—1 or 2 per cent under—so that it is fair to say that the duty is from 75 to 100 per cent.

The CHAIRMAN. I understand that you will submit a statement in regard to that?

Mr. WALSH. I will; yes, sir; I would have had it now, only I did not know about this matter until yesterday.

STATEMENT OF MR. H. S. WARDNER, REPRESENTING THE NEW JERSEY ZINC COMPANY, OF 71 BROADWAY, NEW YORK CITY.

Mr. WARDNER. I represent the New Jersey Zinc Company and some other concerns which are manufacturing the white oxide of zinc, and lithopone.

We only had a few days' notice of this hearing, and I came here to say that we have heard of no disposition to change the existing rate of duty on white oxide of zinc and lithopone, both of which are held dutiable under section 57, Schedule A, white oxide of zinc at 1 cent per pound, and lithopone as white sulphide of zinc at 1¼ cents per pound. These articles are competitors of white lead,

which is much more heavily protected, and we think the duty which we now have is small enough. I understand that a considerable amount of those chemicals are imported at the present time, and the manufacturers of zinc can hardly get along without protection. We thought we had it on zinc dust, which was a product made possible in Pennsylvania, but the courts have ruled otherwise, so that the industry was wiped out absolutely. That is a subject that I would like to speak on when the metal schedule is brought up.

Lithopone is not mentioned by name. It is a comparatively new article of manufacture in this country, but I think it is entitled to be specifically mentioned by name in section 57 of Schedule A.

I will get up the figures for you, but I think I am not competent to give any statistics at this time. I am not myself a practical manufacturer of zinc oxide or lithopone.

The CHAIRMAN. I want to suggest that I understand the zinc miners are anxious to have a duty upon zinc ore, and will probably appear before the committee. Perhaps it might be well for you to study their reasons and hear what they have to say upon that subject.

Mr. WARDNER. I thank you for the suggestion. Some of the companies which I represent are very large mine owners in this country, and my impression is that so far as the importation of ores goes that they are able to stand on their own bottom without any protection for zinc ores whatever.

The CHAIRMAN. These people in Missouri do not think they can stand without protection on account of the recent discoveries in Mexico and the consequent importation of zinc ore from there.

Mr. WARDNER. One of the companies which I represent has deposits in Missouri. That matter, I understand, will come up on the 25th of the month.

The CHAIRMAN. Under the metal schedule; yes.

Mr. HILL. What is the proportionate cost of labor and material in making this article, white oxide of zinc?

Mr. WARDNER. I am unable to answer that question, but I will make a note of it and reply later.

Mr. HILL. Yes; please give us the information.

Mr. WARDNER. I will do so.

The CHAIRMAN. And I would suggest that you furnish that as soon as you can.

STATEMENT OF MR. ALFRED F. ISAACS, REPRESENTING I. ISAACS & CO., 100 WILLIAM STREET, NEW YORK CITY.

Mr. ISAACS. I am not quite prepared as to figures, because, as I represented to the clerk of the committee, I was not sure whether glue was included under the paint schedule or not. It is not down on the list, so that I am not quite posted as to the figures. But I would like to call your attention, as briefly as I can, to paragraph 23—glues and gelatins. If you will refer to that first paragraph, I believe you will see that the articles call for 2½ cents per pound. Under the old Wilson bill, and also the McKinley bill, the tariff on that grade of glue was 25 per cent. Under this present tariff it was raised from 25 per cent to 2½ cents per pound. That rate is practically prohibitory. When the glue costs 10 cents per pound it is 25 per cent,

but on glue costing 25 cents per pound it is equivalent to 60 or 70 per cent.

My father and myself have been in business a great many years as importers of glues. Before the enactment of the present law we imported a very large quantity from Germany and France at a cost of from 4½ to 5½ cents per pound. At the instigation of the western packers—that is, Messrs. Armour, Nelson Morris & Co., the Swifts, the Anglo-American Packing Company, and Schwartzchild & Sulzberger Company—packers and slaughterers of beef cattle and pigs, and within the past fifteen years manufacturers of low-grade glues as a by-product, we began buying from them, and that tariff of 2½ cents per pound is, to my way of thinking, simply put on as a protection to the large manufacturers of these by-products—cheap glue. For instance, we were large handlers of domestic glues before this present bill. We formerly purchased these glues from the packers at a price in the neighborhood of 4½ to 5½ cents per pound, the average being about 5½ cents. Since the enactment of this law—and I can give you the bills to show that the prices are correct—we are paying from 7 to 8 cents per pound, and we can not get it for 1 cent less; not a mill less. To my knowledge, in the last several years, the price has not gone below 7 cents, and it has gone up to as high as 8½ cents, and that price for the same grade of glue which before the enactment of this law calling for 2½ cents per pound was sold at the flat rate of 25 per cent on the domestic glue sold at 4 to 5 cents per pound. And, as I say, it is selling to-day at 7½ to 8 cents per pound.

Mr. UNDERWOOD. Is that rate prohibitive?

Mr. ISAACS. Practically so. We import no French glue at all, whereas we imported in the neighborhood of from three to four hundred tons a year, which is quite an item on the 25 per cent basis. Upon the low grade it is practically prohibitive. The people that I have named were glad to sell their glue at 4½ to 5½ cents per pound, the same glue which they are now selling for 7½ to 8 cents per pound. We are large importers.

The CHAIRMAN. The ad valorem on the first item was 43 per cent.

Mr. ISAACS. That was a great many years ago.

The CHAIRMAN. The next item 25 per cent, and the next 30 per cent.

Mr. ISAACS. The tariffs under the Wilson and McKinley bills were 25 per cent straight through. It now has a specific duty, above 10 cents per pound, of 25 per cent ad valorem.

The CHAIRMAN. First it was 42 per cent, then 25 per cent, and next 30 per cent.

Mr. ISAACS. I would suggest that you put the tariff on the low-grade goods the same as it was before, or put a flat rate on of one cent and a quarter or one cent and a half per pound. You are not doing the consumer or the Government any good, because the consumer gets no difference, as the price is up 33⅓ per cent above what it was before, and the importer gets no benefit, neither does the Government get any benefit. That rate would be all right on the lower grades. On the grade above 10 cents per pound the duty is 25 per cent ad valorem. I would suggest that you put a specific duty in high-grade goods the same as on the low-grade goods. We are importers of certain brands of high-grade goods and we think we know

that in many instances we are unable to compete with other brands of glue brought in under undervaluation.

The CHAIRMAN. The importations in 1907 were 4,700.000 pounds.

Mr. ISAACS. We brought over a good deal.

The CHAIRMAN. There was an increase from 2,000,000 pounds in 1898 to 4,700,000 pounds in 1907.

Mr. ISAACS. But that was not the low-grade glue.

The CHAIRMAN. That was the glue upon which there was a duty of 2½ cents per pound?

Mr. ISAACS. That is all right enough, but that is glue that costs in the neighborhood of from 8 to 10 cents per pound.

The CHAIRMAN. What is the consumption of cheap glue in the United States?

Mr. ISAACS. That is a very difficult question for me to answer, and I doubt whether anybody can answer it. I could enumerate fifteen large glue manufacturers in this country.

The CHAIRMAN. I do not see how you can arrive at the conclusion that the duty is prohibitive unless you know something about the amount consumed in the United States and the comparative imports.

Mr. ISAACS. My dear sir, I know that the duty is prohibitive on a glue that formerly sold at 4½ cents per pound, and that can be bought in Germany in the neighborhood of that price; and that you put a duty of 2½ cents per pound upon it, running it up to 7½ cents per pound; and I know that that is prohibitory when you can not import it and sell it against the domestic glue. I do not know that this glue is included under the present schedule. It is not down under any schedule. I wrote to the clerk of the committee, and he answered to the effect that if I came down he would get me an interview with the chairman of this committee. If I had known that I was to be called before this committee I probably would have had the figures, but as to the annual consumption of glue in the United States, I doubt if anybody can give it.

Mr. COCKRAN. As to these firms in the glue business, are they engaged in producing the high or the lower grades of glue?

Mr. ISAACS. Principally the lower grades. They were in business before the enactment of this present tariff law—that is, I am referring to these western packers.

Mr. COCKRAN. You mean they were in the glue business?

Mr. ISAACS. Yes, sir. I am trying to impress upon the committee that they sold the glue they are selling now for 7½ to 8 cents a pound at a price of 4½ to 5½ cents per pound before the enactment.

Mr. COCKRAN. What I wanted to get at was whether the general scope of their business was in the low grade.

Mr. ISAACS. Undoubtedly. I should say that from 60 to 80 per cent of the goods manufactured—I only came down on half a day's notice—but I should say that practically all of the eastern manufacturers, and surely all of the western importers, will back me up in my ideas regarding this change in the tariff—you will find not only the importers but the manufacturers——

Mr. COCKRAN. Now, let us see if we can get at this. In regard to the quantity of high-priced glue, was a large quantity consumed?

Mr. ISAACS. A very large quantity.

The CHAIRMAN. In the figures I have, glue valued at above 10 cents per pound, and not above 35 cents per pound, 1907, 1,996,871 pounds, as against 4,733,963 pounds of the lower grade. And I would

say that the grade above 35 cents per pound for 1907 is only 1,991 pounds.

Mr. Isaacs. Which is practically nothing. That is simply the high-grade gelatin used for photographic purposes.

The Chairman. In the extensive use of glue are the high grades produced in this country?

Mr. Isaacs. Undoubtedly an enormous quantity, and I should think that it would run up into the neighborhood of—well, I do not like to go on record, but I should say anywhere from thirty to sixty million dollars' worth. For instance, in the manufacture of capsules, the price of gelatin runs up to in the neighborhood of 30 to 40 cents a pound. Gelatin for use in veneering of pianos runs up into the neighborhood of 9 to 11 cents a pound, and glue for the manufacture of books, 7 to 8 cents per pound.

The Chairman. Then the expensive glue used in this country is confined almost entirely to domestic product?

Mr. Isaacs. There is $2,000,000 worth imported, but that is an insignificant amount compared with the domestic consumption.

The Chairman. How does the quantity of the cheaper glue that is imported compare?

Mr. Isaacs. As I tell you, on account of this new tariff law it is comparatively nothing.

The Chairman. Then do I understand you to say that very little of the cheapest glue is imported?

Mr. Isaacs. Comparatively none of the cheapest glue is imported, although I think you misunderstand my point about the cheap glue. A cheap glue, that which costs in the neighborhood of 6 cents per pound, can not be imported any more. We buy large quantities of comparatively better glue at 8 and 9 cents a pound. The glue included in this schedule has amounted to over 4,000,000 pounds, and is glue that costs about 11 cents a pound.

The Chairman. Then this is a prohibitive duty as to all that costs abroad less than 7 to 8 cents a pound?

Mr. Isaacs. From 4 to 7 cents.

The Chairman. Below 7 cents. So that these four million and three-quarters pounds are practically all over 7 cents per pound?

Mr. Isaacs. Yes; and that is what I do not understand.

The Chairman. Can you give the proportion of consumption in the United States?

Mr. Isaacs. I will get that. You wish the proportion of consumption of the domestic and the imported?

The Chairman. Yes. I want to know the amount of consumption in the United States if you can get at it. I think very likely you can secure that from the census bulletins for 1905. We can look it up or you can add it to your remarks.

Mr. Isaacs. I will look it up for my own information.

Mr. Boutell. How many manufacturers are there in the United States who make the cheaper grade of glue?

Mr. Isaacs. All of the big western men, the Armours, the Anglo-American Packing Company, Swifts, Nelson-Morris & Co., and Schwarzschild & Sulzberger—I can not name them all, and I should imagine that there are 12 to 20 anyhow—20 would probably include a lot of smaller factories. But the only thing that I wanted to impress upon you gentlemen was that we did not want the duty off entirely. We simply want the prohibitive part of the duty taken off and either

put it back where it was on the Wilson and McKinley tariffs, which was 25 per cent, or put it at a flat duty of 1¼ cents per pound, which will still give the domestic manufacturers a cent and a half per pound, and give the importers and consumers a chance to use the imported glues the same as they had formerly done. And then I would suggest that instead of an ad valorem duty on high-grade goods, instead of a 35 per cent duty on goods costing from 20 to 35 cents, that you put on a specific duty. We are old importers; we bring all our goods over branded, a stamp on each sheet, sold under a brand mark, and I believe we have been undersold by importers—I do not impute anything wrong, but we think there should be a specific duty instead of an ad valorem duty, because it would do away with the undervaluation business which is certainly going on. We do not know where or how, but we do know it is done. I have known the general appraisers for a great many years, and they do not seem to be able to stop it. With a specific duty there is absolutely no question but what it could be stopped.

The CHAIRMAN. Then the duties which come up with a hop, skip, and jump have some of the same objections as the ad valorem duties, have they not?

Mr. ISAACS. It absolutely compels the people who are about to be dishonest to be honest, by putting a specific duty on the goods.

(Thereupon at 1 o'clock p. m. the committee took a recess until 2 o'clock p. m.)

STATEMENT OF SUGGESTED TARIFF ON CHEMICAL PRODUCTS COVERED BY PARAGRAPHS 464, 469, 472, 524, AND 626 OF THE FREE LIST.

We respectfully submit herewith a petition for the placing of a tariff upon coal tar and certain of its products and chemicals made therefrom, as specified in the following list:

These products and chemicals are at present all on the free list:

Section.	Name of chemical.	Tariff petitioned for.
524	Coal tar	¼ cent per gallon.
524	Pitch	¾ cent per gallon.
524	100 per cent benzol	7 cents per gallon.
524	90 per cent benzol	4 cents per gallon.
524	Crude benzol or light oil	3 cents per gallon.
524	100 per cent toluol	8 cents per gallon.
524	Crude toluol	4 cents per gallon.
524	100 per cent xylol	8 cents per gallon.
524	Crude xylol	4 cents per gallon.
524	Solvent naphtha	4 cents per gallon.
524	Cresol, pure	8 cents per gallon.
524	Naphthalene	20 per cent ad valorem.
626	Aniline oil	20 per cent ad valorem.
472	Aniline salts	20 per cent ad valorem.
469	Alizarine	20 per cent ad valorem.
524	Naphthols (alpha and beta)	20 per cent ad valorem.
524	Naphthylamine	20 per cent ad valorem.
524	Toluidine	20 per cent ad valorem.
524	Xylidine	20 per cent ad valorem.
524	Cumidine	20 per cent ad valorem.
524	Benzidine	20 per cent ad valorem.
524	Dyphenylamin	20 per cent ad valorem.
524	Benzaldehyde	20 per cent ad valorem.
524	Benzylchloride	20 per cent ad valorem.
524	Dianisidine	20 per cent ad valorem.
524	Mono, di and trinitrobenzol	20 per cent ad valorem.
524	Mono, di and trinitrotoluol	20 per cent ad valorem.
464	Benzoic acid	20 per cent ad valorem.
464	Nitro, naphthalene	20 per cent ad valorem.

We are manufacturers of some of these products and formerly manufactured others when they were protected by a duty of 20 per cent. After the removal of this duty we were compelled to close that part of our works devoted to the manufacture of these products. We were unable to compete with foreign producers.

If given the protection asked for, we would at once commence their manufacture on a still larger scale.

Respectfully submitted.

BARRETT MANUFACTURING CO.,
H. W. JAYNE,
New York, N. Y.

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
November 10, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF MR. E. H. DYER, OF ST. LOUIS, MO.

The CHAIRMAN. Will you give your name and place of residence, and state whom you represent?

Mr. DYER. E. H. Dyer, St. Louis, Mo.; representing the Paint Manufacturers' Association of the United States. I wish to address you this afternoon on the article of tariff on prepared paints. I appear before this committee as representing the Paint Manufacturers' Association of the United States, as well as my associates in the company with which I am connected, the Mound City Paint and Color Company, of St. Louis. I am secretary and treasurer of that company.

Mr. DALZELL. On what paragraph are you going to address the committee?

Mr. DYER. This is a general statement covering almost all of the paragraphs in this Schedule A, as regards paints, because as manufacturers of prepared paints we have to deal with nearly all of them.

The CHAIRMAN. Paragraphs 55 and 57?

Mr. DYER. Paragraph 58 is the one that pertains particularly to paints.

The CHAIRMAN. Artistic paints is what you want to be heard on?

Mr. DYER. No; ready prepared paints for all painting purposes.

The CHAIRMAN. Yes, that is right.

Mr. DYER. It is hardly possible for me, representing the interests that I do, to select any of the several articles to talk specifically on, from the fact that prepared paint as offered is composed of several ingredients both as to pigments and liquids. In order to arrive at what might be called a proper understanding of the paint proposition, it would mean to touch upon the various ingredients that enter into its composition and make up its component parts.

Linseed oil is mentioned as one of the liquids up for a discussion and the necessary liquid most largely used by paint manufacturers.

That, in turn, goes back to the tariff on flaxseed, which would of course affect linseed oil. The duty on flaxseed, covered under paragraph 254, under the present tariff, is 25 cents per bushel of 56 pounds. The duty on linseed oil, covered under paragraph 37, made from that seed is 20 cents per gallon of 7½ pounds. It is my firm belief that both of these articles need the protection that this tariff gives to them; therefore, as far as that raw material to the paint manufacturer is concerned, I do not think the tariff should be changed. The pigments entering into the composition of a prepared paint are many. Dry white lead, covered under paragraph 55 and carrying a duty of 2⅞ cents per pound, is a necessary component part of a good grade of prepared paint; so is oxide of zinc, covered under paragraph 57 and carrying a duty of 1 cent per pound, and, in many cases, the paint manufacturer uses a percentage of what is termed among the paint community as inert material or reenforcing pigments. By that I refer to such materials as barytes, covered under paragraph 44 and carrying a duty of $5.25 per ton on the manufactured article and 75 cents per ton on the unmanufactured article, blanc-fixe, covered under paragraph 46 and carrying a duty of one-half of 1 cent per pound, and whiting, covered under paragraph 56 and carrying a duty of one-fourth of 1 cent per pound.

These several ingredients combined form or make the white base from which the colored tints are made. To get these various tints the paint manufacturer uses various dry colors which are made either from a combination of chemicals or prepared from ores and clays direct from mines. These colors are covered under paragraphs 47, 48, 49, 50, 51, 52, 54, and 58. All of these articles enumerated under these various paragraphs constitute to the paint manufacturer his raw materials, but, at the same time, to the manufacturer who confines himself to the making of the various pigments and liquid it means his finished product. It is my opinion that the duties as enumerated in the present tariff are fair and just both to the manufacturer and to the paint maker—the user.

Paragraph 58 refers particularly to the mixed paint industry and carries a duty of 30 per cent ad valorem. I should certainly regret to see any change whatever in this schedule, because it does not represent any more protection to the manufacturer of this country than the difference in the cost of his raw materials and his labor would justify. The paint manufacturing industry of this country is a large and growing one. There are paint manufacturers throughout this country from the Atlantic to the Pacific and from the Lakes to the Gulf, and I am firm in the belief that any change in the tariff schedule as applied to this class of manufacturers, either reducing or advancing, would mean a hardship to the industry as a whole.

I have endeavored to present to you, as briefly as possible, my thoughts and ideas in reference to the subject on which I have been delegated to address you, but I would like to add that it is my unprejudiced opinion that if a reduction in the tariff on prepared paint or the ingredients that enter into its composition is made it will not only affect the manufacturer of paints, but it will affect the farmer who raises the flax, the miner who produces the ores, and the labor employed by the various manufacturers in producing their respective products. The lessening of revenue to these people lessens the pur-

chasing power of those people, and the paint manufacturer will undoubtedly be affected by any such reduction possibly to a greater extent than almost any other industry.

Mr. Hill. I would like to know where your competition is from. Where does it come from, Germany or France or England?

Mr. Dyer. There is very little prepared paint imported into this country, that I know of.

Mr. Boutell. Is there perfectly free competition in the manufacture of paints now in this country?

Mr. Dyer. Absolutely so.

Mr. Boutell. So that the consumer gets the full benefit of competition?

Mr. Dyer. Yes, sir.

Mr. Boutell. Could you help the consumer as to price any by reducing this without interfering in the legitimate profits of the paint industry?

Mr. Dyer. I hardly think so. The price of prepared paint is governed very largely by the price of certain ingredients that enter into its composition, and that is governed very largely by the materials themselves, such as lead, zinc, and linseed oil. The price of prepared paint fluctuates from time to time in accordance with these conditions of cost.

Mr. Boutell. There is no pooling of the prices by manufacturers?

Mr. Dyer. None whatever that I have ever been able to discover.

Mr. McCall. About how many independent manufacturers are there that you know of?

Mr. Dyer. They are all independent manufacturers.

Mr. McCall. Yes, I know; but how many?

Mr. Dyer. I should judge that in the Paint Manufacturers' Association, which is an association composed of paint manufacturers strictly, there are from 85 to 100 different concerns represented. There are, I should say, possibly 40 or 50 outside of that association that are not members of that association.

Mr. McCall. Are any of the processes covered by patents?

Mr. Dyer. None at all, sir.

STATEMENT OF MR. BARRY MOHUN, GLOVER BUILDING, WASHINGTON, D. C.

Mr. Mohun. Mr. Chairman and members of the committee, I am here before the committee to ask the imposition of a small duty upon cocoanut oil. At present there is no duty imposed upon cocoanut oil nor upon what is known as copra—that is, the dried cocoanut. There is a duty upon copra which has been prepared in different forms, but the simple dried kernel of the cocoanut enters free, and we think it should be entered free. A large proportion of the copra produced in the world comes from the Philippine Islands. I shall furnish the committee with an exact statement of that as soon as I obtain the definite figures from the Bureau of Statistics. About 95 per cent of the copra produced in the Philippine Islands is sent to Europe for manufacture. That there is no duty upon the manufactured article in this country is the reason why the copra is manufactured elsewhere. I present herewith two schedules containing figures showing

the extent of importation into the United States, both by pounds and by values, of cocoanut oil during the years 1907 and 1908, and the various countries from which it is purchased.

The schedules referred to are as follows:

Importation of cocoanut oil during year 1907.

Country.	Pounds.	Dollars.
Austria-Hungary		
Belgium	914,400	69,250
France	2,431,086	187,356
Germany	1,009,117	82,362
Spain	440	35
United Kingdom	17,152,357	1,240,197
Canada	9,254	594
Honduras	92	7
West Indies—British	128,269	14,611
Cuba	278,580	16,820
Venezuela	430	33
East Indies:		
British India	1,970,874	158,942
Straits Settlements	435,567	33,829
Other British	8,876,268	651,211
Oceania, British—Australia, Tasmania, and New Zealand	1,686,868	123,946
Philippine Islands	650,754	44,780
Total	35,544,356	2,623,973

Importation of cocoanut oil during year 1908.

Country.	Pounds.	Dollars.
Austria-Hungary	33,257	1,794
Belgium	1,610,795	123,698
France	3,918,942	232,629
Germany	1,337,864	95,949
Italy	5,528	427
Netherlands	354,891	28,498
Spain	0	0
United Kingdom	21,641,923	1,596,613
Canada	3,869	300
Honduras	80	7
Mexico	117	7
Cuba	76,451	6,218
Asia:		
East Indies—		
British India	2,723,748	210,501
Straits Settlements	1,438,870	99,554
Other British	11,084,968	797,845
Oceania, British:		
Australia and Tasmania	500,749	33,455
New Zealand	875	58
Philippine Islands	689,648	40,547
Total	45,422,575	3,267,585

I would say here that cocoanut oil is used for three purposes. It is drawn off three times. The first draft, as it is called, is used for food, the second draft is used in the manufacture of white soap, and the third, the residue, is used for animal food. From these schedules which I have obtained from the Bureau of Statistics it appears that in two years there was imported from the Philippine Islands to the United States only $85,327 worth of cocoanut oil, whereas the total importation during that period of two years was $5,891,558, out of which Great Britain and her possessions and colonies imported cocoanut oil to the extent of $4,961,151. We have no doubt that a large proportion of the cocoanut oil which is credited as coming from Great

Britain is in reality manufactured elsewhere. In fact, we are so informed by the Bureau of Statistics, which states that Great Britain is really a great clearing house for cocoanut oil. There are but two factories in this country producing cocoanut oil, and they have had a struggling existence in San Francisco on account of the fact that it can be produced abroad so much cheaper than it can be here. I appear on behalf of gentlemen who are anxious to embark in this enterprise, and that is exactly what I have always understood to be the object of the tariff; that is, simply to impose the difference in the cost of production. We have figures on the difference in the cost of production, but they are not completed, and with the permission of the committee I should like to file them in a brief.

There is one other request I shall make, which I fear may be denied. I am told that briefs must be filed by December 4. Unfortunately, the consular reports, which ought to contain the information as to the cost of production abroad, contain information on about every other subject than cocoanut oil, and we have been compelled to write to our consuls, and this afternoon I am going to have the State Department cable for some information; and if that information is not received by December 4, I should certainly like the privilege of filing a brief as soon as it is received, unless the committee objects.

The CHAIRMAN. You had better file your brief which you have here, and you can hand your supplemental brief to the clerk. I can not promise that we will print it if it is not filed by December 4, but it will be before the committee.

Mr. MOHUN. I had intended to file a brief prior to December 4.

Mr. MCCALL. The suggestion is that you be permitted to file your brief before December 4, and it will be printed; and any supplemental information which you receive after that you may file with the committee.

Mr. MOHUN. That is, it will be printed here, at the Government Printing Office?

Mr. MCCALL. Yes.

Mr. GAINES. I wish that we might have these briefs as soon as possible.

The CHAIRMAN. We want them here so that the committee may have the use of them. As I understand, cocoanut oil is manufactured from the copra?

Mr. MOHUN. What is popularly called copra is the dried cocoanut.

The CHAIRMAN. And cocoanut oil is manufactured from the copra?

Mr. MOHUN. Yes, sir.

The CHAIRMAN. And large quantities of that come from the Philippine Islands?

Mr. MOHUN. Indirectly; not to us directly.

The CHAIRMAN. They manufacture it elsewhere and then it is imported into this country?

Mr. MOHUN. Yes.

The CHAIRMAN. Do they not manufacture the oil in the United States also?

Mr. MOHUN. There are only two factories in the United States, which do a very small business. The figures which I have here and

which I have filed show what a small proportion is manufactured here. I shall be glad to try to answer any other questions.

Mr. GAINES. It appears from page 646 that in 1907 we imported 35,500,000 pounds of cocoanut oil, to the value of $2,623,000, I believe.

Mr. MOHUN. Yes; that is in this schedule which I have filed.

Mr. GAINES. Yes.

Mr. MOHUN. The total importation in 1907 was 35,544,356 pounds, valued at $2,623,973, and in 1908 we imported 45,422,575 pounds, valued at $3,267,585.

Mr. DALZELL. How much did we make in this country?

Mr. MOHUN. Practically none. There are only two factories, and 95 per cent of the copra produced in our islands, the Philippine Islands, goes abroad for manufacture. I have not the exact percentage of the amount of copra grown in the Philippine Islands to the amount produced in the world, but I think I am safe in saying that it is more than 50 per cent.

Mr. MCCALL. Is copra on the free list now?

Mr. MOHUN. Yes, sir; that is, copra without any form of manufacture at all is on the free list.

Mr. DALZELL. We imported 7,000,000 pounds of that last year, 12,000,000 pounds the year before, and 15,000,000 pounds the year before that, so that it appears that the importation of copra has fallen off.

Mr. MOHUN. Yes, sir. There is no incentive to import it here, because we can not manufacture it here and make any money out of it. Yes, sir; it has fallen off, and it will continue to fall off, I presume.

The CHAIRMAN. The principal use of copra is for the manufacture of oil, is it not?

Mr. MOHUN. Yes, sir.

The CHAIRMAN. That is its use almost exclusively, is it not?

Mr. MOHUN. Yes; and the second draft, to which I referred, is used for the manufacture of white soap, and it is used in the manufacture of practically all white soap, so that you can see that there is a considerable amount of it required.

Mr. HILL. I understood your suggestion to be that copra should continue to come in free, and that there should be a duty on the oil?

Mr. MOHUN. Yes, sir.

Mr. GAINES. Have you submitted any figures as to the cost of labor in the manufacture?

Mr. MOHUN. Perhaps you did not grasp that, but I stated that the figures which I have are not complete, and I want to get them exactly right. It is my belief, from what I have gotten, that a duty of one-half cent per pound would be about fair; but I want to make a complete showing, and I will do that, and that is the reason I asked for a delay.

The CHAIRMAN. What price is the oil?

Mr. MOHUN. The value of 45,000,000 pounds was $3,000,000.

Mr. DALZELL. It is about 7½ cents per pound.

Mr. MOHUN. It would be less than 10 cents. Yes; about 7½ cents.

Mr. GAINES. You intend, then, to show in your brief what the labor would cost in the manufacture in this country?

Mr. MOHUN. Yes, sir.

Mr. GAINES. And what similar labor costs in England or Europe?

Mr. MOHUN. In countries where there is a large production, especially in France.

The CHAIRMAN. I see by our reports that nearly one-half of the importation came from the United Kingdom, and nearly all the balance came from the British East Indies.

Mr. MOHUN. Yes, sir. Out of a total value of $5,891,000 in two years, $4,961,000 came from Great Britain or her possessions.

The CHAIRMAN. That is all, I think.

Mr. MOHUN. I thank you very much, Mr. Chairman.

The CHAIRMAN. Is there any other gentleman here who desires to be heard now on the chemical schedule? There being no one else to be heard, the committee will take a recess until to-morrow morning at half past 9, at which time we will resume the consideration of the chemical schedule.

(At 3.05 o'clock p. m. the committee adjourned until to-morrow, Wednesday, November 11, 1908, at 11.30 o'clock a. m.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 2.

WEDNESDAY, NOVEMBER 11, 1908.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman*.

JOHN DALZELL.	NICHOLAS LONGWORTH.
SAMUEL W. McCALL.	EDGAR D. CRUMPACKER.
EBENEZER J. HILL.	CHAMP CLARK.
HENRY S. BOUTELL.	WILLIAM BOURKE COCKRAN.
JAMES C. NEEDHAM.	OSCAR W. UNDERWOOD.
WILLIAM A. CALDERHEAD.	D. L. D. GRANGER.
JOSEPH W. FORDNEY.	JAMES M. GRIGGS.
JOSEPH H. GAINES.	EDWARD W. POU.
ROBERT W. BONYNGE.	CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Wednesday, November 11, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. We will continue the hearing to-day on the chemical schedule, and if Mr. Schoellkopf is present, we will hear him.

STATEMENT OF MR. JACOB F. SCHOELLKOPF, OF BUFFALO, N. Y.

Mr. SCHOELLKOPF. I represent the Schoellkopf, Hartford, Hanna Company, of Buffalo, N. Y., and the Heller & Merz Company, of Newark, N. J. I have prepared a short brief, which I will read.

[Reads:]

BUFFALO, N. Y., *November 9, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee.

DEAR SIR: The undersigned respectfully request that at the impending revision of the tariff the minimum duty on coal-tar colors and dyes be increased from 30 per cent to 40 per cent ad valorem, and that all coal-tar products and preparations not colors or dyes used in the manufacture of these dyes be placed on the free list.

In submitting this request we do so with the understanding that it is the intention of Congress to so adjust import duties as to give the domestic manufacturer adequate protection against his foreign rival; or, in other words, the duties imposed shall cover the difference in cost of the article protected when made in America as against the same article when made abroad.

In asking for free entry of all coal-tar products and preparations used in the manufacture of coal-tar colors, no American industry will be injured, as these articles are not made in the United States, nor can they be manufactured profitably under existing conditions.

In order to prove that our demands, as outlined above, are not unreasonable we have prepared the following tables:

Table A.—Showing cost of coal-tar dye plant in America and Germany, designed for a yearly output of 3,000,000 pounds; also showing the cost for depreciation on buildings and wear and tear on machinery and interest on investment.

Table B.—Showing number of employees required and their salaries for such a plant in America and Germany.

Table C.—Showing material required to produce 3,000,000 pounds of color and cost of same under present tariff; also under tariff as proposed by us; also cost of same material in Germany.

Table D.—Showing comparative cost of 3,000,000 pounds of color when produced in Germany; also cost when produced under present tariff; also cost when produced under tariff as proposed by us.

By referring to Table D it appears that taking the cost of colors in Germany at 100 per cent, the same colors cost to produce in America under the present tariff 144.1 per cent, and in case all coal-tar preparations should be admitted free, the cost would still be over 134.4 per cent. That our figures are correct is positively proven by two highly significant facts.

First. These same colors are now being imported from Germany and sold in this market for less than it costs us to produce them, even omitting charges for depreciation and interest on investment.

Second. By the fact that German manufacturers do not manufacture in the United States because, as people high in authority state openly, they can manufacture the colors in Germany and lay them down in the United States, with duty of 30 per cent and manufacturer's profit added, at a lower price than they could manufacture the same colors in America.

By referring again to the same table it appears that under the proposed tariff the cost of colors would be only 35 per cent higher than the same colors when made in Germany, while we are asking for a duty of 40 per cent. It should be borne in mind, however, that in the first place the American manufacturer, in order to secure the home market, must be in a position to undersell the importer, and in the second place, the foreign manufacturer, when driven to it, will always assume part of the duty himself. The result would be that with a duty of 40 per cent the American manufacturer could not hope to realize more than 30 per cent in excess of what the same goods are sold for in Germany, and probably considerably less. In any event, therefore, even with a 40 per cent duty, the American manufacturer would have to content himself with a considerably smaller profit than his German rival.

Since the present tariff went into effect American coal-tar dye manufacturers have striven strenuously to capture the home market, and while they have succeeded in increasing very materially their output, they have done so at no profit to themselves. Whenever the domestic production of any one color increased sufficiently to interfere seriously with the sale of the imported product, the foreign manufacturers dropped prices to a point that compelled the American manufacturer to sell at cost or even lower.

On the other hand, colors not made in America and controlled by the foreign manufacturers, either through patents or combinations, were not only not reduced, but in many instances actually increased in price. Eliminate American competition, and prices, even with a reduced duty, will rise and not fall. We refer to such products as alizarins, aniline salt, aniline oil, beta naphthol, etc., which during the past few years have been advanced from 15 to 50 per cent, although the cost of production has not risen.

In conclusion, we beg to state that the figures and tables contained in this document are taken from our books, and represent actual conditions, and if desired we are prepared to prove the correctness of same in every particular.

On a separate sheet annexed hereto, marked Table E, we suggest the wording of the sections in the tariff which we desire to have changed.

Respectfully submitted.

SCHOELLKOPF, HARTFORD & HANNA COMPANY.
THE HELLER & MERZ COMPANY.

TABLE A.—*Showing cost of coal-tar dye plant designed for a yearly output of 3,000,000 pounds; also showing the cost of depreciation of buildings and wear and tear on machinery, etc.*

	Cost of plant in— United States.	Cost of plant in— Germany.
For land	$50,000	$50,000
For buildings	100,000	60,000
For machinery, tools, etc	380,000	250,000
For working capital	500,000	350,000
Total cost of plant	1,030,000	710,000
Depreciation on buildings, 5 per cent	5,000	3,000
Wear and tear on machinery, etc., 10 per cent	38,000	25,000
Interest on investment, 6 per cent	61,800	42,600
	104,800	70,600

TABLE B.—*Showing employees needed for a coal-tar dye plant with a yearly capacity of 3,000,000 pounds.*

	United States.		Germany.	
	Rate.	Amount.	Rate.	Amount.
1 general manager	$10,000	$10,000	$5,000	$5,000
2 head chemists	5,000	10,000	2,500	5,000
4 chemists	1,500	6,000	1,000	4,000
1 chemist	1,300	1,300	800	800
1 chemist	900	900	600	600
3 dyers	1,144	3,432	390	1,170
1 helper	468	468	160	160
1 helper	312	312	135	135
2 boys	208	416	78	156
1 head bookkeeper	2,500	2,500	1,200	1,200
1 clerk	1,800	1,800	900	900
1 clerk	1,200	1,200	600	600
3 clerks	900	2,700	450	1,350
1 clerk	780	780	350	350
2 boys	500	1,000	250	500
1 telephone operator	364	364	160	160
1 superintendent	1,560	1,560	750	750
1 shipping clerk	1,200	1,200	450	450
2 engineers	1,040	2,080	520	1,040
6 firemen	780	4,680	390	2,340
2 watchmen	728	1,456	390	780
2 teamsters	624	1,248	390	780
4 carpenters	780	3,120	390	1,560
2 machinists	936	1,872	468	936
2 blacksmiths	676	1,352	468	936
4 helpers	624	2,496	260	1,040
10 foremen	718	7,180	390	3,900
83 laborers	540	44,820	300	24,900
		116,236		61,493

TABLE C.—*Material required for 3,000,000 pounds of coal-tar dyes and cost of same.*

Chemicals used.	Quantities in pounds.	Cost in United States under present tariff.	Cost in United States under proposed tariff.	Cost in Germany.
Nitrite soda	385,803	$29,899.74	$29,899.74	$23,919.79
Muriatic acid	1,369,125	10,268.43	10,268.43	8,214.74
Sulphuric acid	122,814	409.38	409.38	327.50
Carbonate soda	790,875	7,592.40	7,592.40	6,073.92
Caustic soda	111,942	2,417.94	2,417.94	1,934.35
Common salt	3,371,280	5,899.74	5,899.74	4,719.79
Sulphide sodium	4,860	65.61	65.61	52.49
Ammonia 26 degrees	2,880	144.00	144.00	115.20
Mono-aethyl-alpha naphthylamine	4,437	1,668.30	1,387.89	1,110.31
Aniline oil	139,041	16,128.75	16,128.75	12,903.00
Paranitraniline	38,445	16,426.80	13,689.00	10,951.20
H-Acid	593,145	206,414.46	172,605.21	138,084.17
Alpha naphtylamine	54,270	4,205.94	4,205.94	3,364.75
R-Salt	29,295	4,247.79	3,544.71	2,835.77
Amido-G—Salt	35,910	9,605.91	7,989.96	6,391.96
Freund's acid	9,630	1,661.16	1,396.35	1,117.08
Cleve acid	4,082	695.52	584.64	467.71
Gamma acid	12,420	5,464.80	4,558.14	3,646.51
Salicylic acid	18,720	4,867.20	2,822.97	2,258.38
A B Sp Sa	47,952	5,591.19	5,072.22	4,057.78
A A Tm Ba	19,908	4,411.62	4,081.14	3,264.91
A A Bm Ba	104,625	22,965.18	21,228.09	16,982.47
A A Tm S	23,400	7,317.18	5,974.02	4,779.22
Tolidine	25,740	8,494.20	8,494.20	6,795.36
Benzidine	218,340	66,047.85	66,047.85	52,838.28
	7,568,889	442,911.09	396,508.32	317,206.64

TABLE D.—*Cost of producing 3,000,000 pounds of coal-tar dyes.*

Materials, labor, fuel, etc.	When made in United States under present tariff.	When made in United States under proposed tariff.	When made in Germany.
Materials	$442,911.09	$396,508.32	$317,206.64
Fuel	20,250.00	20,250.00	27,000.00
Labor	116,236.00	116,236.00	61,493.00
Interest on investment	61,800.00	61,800.00	42,600.00
Depreciation of plant	43,000.00	43,000.00	28,000.00
Taxes, fire insurance, and incidentals	8,000.00	8,000.00	4,000.00
	692,197.09	645,784.32	480,299.64
Per cent	144.1	134.4	100

TABLE E.

Present wording.	New wording suggested.
SEC. 15. Coal-tar dyes or colors, not specially provided for in this act, 30 per cent ad valorem; all other products or preparations of coal tar, not colors or dyes and not medicinal, not specially provided for in this act, 20 per cent ad valorem.	Coal-tar dyes or colors, not specially provided for in this act, 40 per cent ad valorem.

Free list.

SEC. 469.—Alizarin, natural or artificial, and dyes derived from alizarin or from anthracin.	No change suggested.
SEC. 524.—Coal tar, crude, pitch of coal tar, and products of coal tar known as dead or creosote oil, benzol, toluol, naphthalin, xylol, phenol, cresol, xylidin, toluidine, cumidin, binitrotoluol, binitrobenzol, benzidin, tolidin, dianisidine, naphthol, naphtylamin, diphenylamin, benzaldehyde, benzyl chloride, resorcin, nitro-benzol, and nitro-toluol; all the foregoing not medicinal and not colors or dyes.	Coal tar, crude, and all products or preparations of coal tar, not colors or dyes and not medicinal, not specially provided for in this act.
SEC. 580.—Indigo.	No change suggested.

The CHAIRMAN. In looking over your statement of comparative cost, I see that you put the working capital in the United States at $500,000, and in Germany $350,000. Why that discrepancy in the amount of working capital in the two countries?

Mr. SCHOELLKOPF. Because the products are cheaper over there, the products bought and sold. If we carry a stock of a million and a half goods, the cost here is from 30 to 50 per cent more than on the other side. Consequently our capital must be larger.

The CHAIRMAN. You put in the cost of material in another table, and you are asking for consideration of cost of material and capital both?

Mr. SCHOELLKOPF. We have a larger investment, and consequently must figure on a larger earning to cover the interest.

The CHAIRMAN. The duty of 30 per cent was put on colors in the Dingley Act for the first time?

Mr. SCHOELLKOPF. No. The duty in 1883 was 25 per cent and 50 cents a pound. Then that was taken off and the 20 per cent left on

the product, which gave us a net protection of 15 per cent, which was entirely inadequate.

The CHAIRMAN. Were not these colors mainly free under the Wilson Act?

Mr. SCHOELLKOPF. No; 25 per cent.

The CHAIRMAN. What development has there been in the manufacture of coal-tar colors under the present law?

Mr. SCHOELLKOPF. I can only speak for our own firm, the Schoellkopf, Hartford, Hanna Company. Between 1900 and 1906 we increased 280 per cent in volume and 179 per cent in value, but our profits decreased on that enlarged production and are less to-day than they were six or seven years ago.

The CHAIRMAN. Has your company been able to pay any dividends?

Mr. SCHOELLKOPF. We have paid 6 per cent, but not out of the earnings of the manufacturing department. The earnings were made entirely in the sales department.

The CHAIRMAN. For how long a time have you paid 6 per cent?

Mr. SCHOELLKOPF. Since 1900.

The CHAIRMAN. You speak about taking off the duty on coal-tar preparations, which you use as raw materials for your manufactures. There was a gentleman here yesterday asking for a duty on some of the coal-tar preparations.

Mr. SCHOELLKOPF. I was not here at that time, but I believe it was the Semet-Solvay Company.

The CHAIRMAN. Yes; I believe it was.

Mr. SCHOELLKOPF. Of course, if a duty is placed on those articles, we will have to have a compensating duty on the product. I do not see any reason for that, because those people can manufacture the products cheaper now than by the old process—the beehive process. You might as well speak of the manufacturer of illuminating gas, who is producing gas and then sells his coke and tar for what he can get.

The CHAIRMAN. You speak of foreign patents on some of these articles. Are there a good many protected by patents?

Mr. SCHOELLKOPF. Some of the important colors are now free, and that is one of the reasons why we have developed so rapidly during the last six or seven years—because we were able to step on the toes of the foreign manufacturers. The minute we become strong they begin to drop their price and to cut us out.

The CHAIRMAN. They come in here, as some others do, and try to stifle competition by cutting the price, and it is a question of the length of pocketbook as to which succeeds?

Mr. SCHOELLKOPF. They tell me—the persons high in the council of these foreign factories—that they can actually pay the duty of 30 per cent and make the manufactured product for less money than they could if they came over here and made the goods. That is the reason they are not making them on this side.

Mr. UNDERWOOD. Is that by reason of the raw material or cheaper labor?

Mr. SCHOELLKOPF. Both.

The CHAIRMAN. The Committee on Patents have had in contemplation some two or three years an amendment to the patent law

requiring a foreign patentee who has taken out a patent in this country to work the patent—that is, establish a factory here—or else lose his patent. Would such a law as that help establish the industry, where these dyes are patented, by forcing those people to come here and establish factories?

Mr. SCHOELLKOPF. I think so; undoubtedly.

The CHAIRMAN. The Committee on Patents have found some difficulties in the way, but I hope they will solve the problem.

Mr. UNDERWOOD. You say the reason you can not compete is on account of both the difference in the cost of raw material and labor. What is the difference in the cost of raw material in Germany and in this country on these items?

The CHAIRMAN (to Mr. Underwood). He has filed a statement which is before the committee.

Mr. UNDERWOOD. I came in late, and I understand you have filed a table giving those facts?

Mr. SCHOELLKOPF. Yes, sir.

Mr. UNDERWOOD. Does your table also give the difference in the cost of labor?

Mr. SCHOELLKOPF. Yes, sir.

Mr. UNDERWOOD. Then I will withdraw the question.

Mr. GAINES. That is in the statement, but it has not been brought out.

The CHAIRMAN. It has not been read before the committee.

Mr. UNDERWOOD. But it is in the record?

The CHAIRMAN. Yes, sir.

Mr. BOUTELL. How many manufacturers of these dyes are there in the United States?

Mr. SCHOELLKOPF. Four.

Mr. BOUTELL. Is there any effort on the part of the manufacturers to maintain uniformity of price to the jobber?

Mr. SCHOELLKOPF. No, sir.

Mr. BOUTELL. There is perfectly free competition?

Mr. SCHOELLKOPF. Yes, sir.

Mr. BOUTELL. Is there any effort on the part of the jobbers to maintain uniformity of price to the retailers?

Mr. SCHOELLKOPF. No, sir.

Mr. BOUTELL. How many manufacturers are there in Germany?

Mr. SCHOELLKOPF. I wish to qualify that statement in this way: The importers have some colors which they control, and on which they maintain a uniformity of price.

Mr. BOUTELL. How many manufacturers are there in Germany?

Mr. SCHOELLKOPF. There are two now. There used to be a dozen, but they have combined. There are two big combinations in Germany, and there is another big combination of the Swiss factories. That would make three large combinations. I am advised that the idea is ultimately to combine the whole of those three combinations into one large concern.

Mr. BOUTELL. So that there is now a method by which substantial uniformity of price is maintained by the foreign exporters?

Mr. SCHOELLKOPF. In the articles controlled by them.

Mr. BOUTELL. And that meets the free competition among the four manufacturers in this country?

Mr. SCHOELLKOPF. Yes, sir.

Mr. GAINES. Are these colors manufactured anywhere else than in Germany?

Mr. SCHOELLKOPF. There are a few colors manufactured in England, but they do not amount to anything. We do not fear the English or French competition. It is the German competition that knocks us out.

Mr. RANDELL. If this tariff was placed at 40 per cent, what effect would that have upon the amount of importation?

Mr. SCHOELLKOPF. We hope it would decrease the importation relatively at any rate.

Mr. RANDELL. To what extent would that affect the revenues, in your opinion?

Mr. SCHOELLKOPF. That is difficult for me to say. Of course, I do not know just how far they would allow us to take the trade away from them. They would probably pay a very large part of the duty rather than lose the trade. Just how far we can go in that respect, I am unable to say.

Mr. RANDELL. Would not 40 per cent cut off the importations entirely?

Mr. SCHOELLKOPF. No, sir.

The CHAIRMAN. Do you know what the amount of the manufactures in the United States was last year?

Mr. SCHOELLKOPF. I know what we manufactured, but I do not know——

The CHAIRMAN (interrupting). In dollars, what was the amount?

Mr. SCHOELLKOPF. I do not know whether I want to give that information. I am perfectly willing to give it to you personally and in confidence.

The CHAIRMAN. I mean how much was sold in the United States?

Mr. SCHOELLKOPF. Altogether?

The CHAIRMAN. Yes, sir. The imports were $5,500,000. What was the domestic production?

Mr. SCHOELLKOPF. I would say they were over $1,000,000; about $1,500,000.

The CHAIRMAN. What was it in 1897?

Mr. SCHOELLKOPF. About $400,000.

Mr. HILL. I do not want to ask any questions. I simply want to express my admiration of the form in which this statement has been prepared, and to express the hope that other parties coming before the committee will make just as clear and intelligent a statement as this is.

The CHAIRMAN. I think Mr. Schoellkopf is entitled to the thanks of the committee for the full statement he has made and submitted.

Mr. SCHOELLKOPF. I wish to say that at any time we are willing to prove every statement which we have made here. We are willing to open our books to the committee and to prove that every statement which we have made is true in every particular.

STATEMENT OF MR. ISAAC F. STONE, REPRESENTING SCHOELLKOPF, HARTFORD, HANNA COMPANY, 100 WILLIAM STREET, NEW YORK, N. Y.

The CHAIRMAN. You may proceed, Mr. Stone.

Mr. STONE. I think that Mr. Schoellkopf has covered everything that I could say on this subject. I represent the selling end of the Buffalo factory and I come in direct competition with the importers of aniline colors, and so I am more or less familiar with the difficulties of making sales of American colors as compared with the German colors, and I can substantiate everything that Mr. Schoellkopf has said.

The CHAIRMAN. Tell us in your own way about the competition you meet.

Mr. STONE. Every time we bring out a new color which competes with a German color and commence to go in business on that color the importers immediately drop their price to below our price in their efforts to put us out of the market.

The CHAIRMAN. Why do you lower the goods to meet the competition?

Mr. STONE. We do not. We lower the price. We can not lower the goods.

The CHAIRMAN. I accept the amendment.

Mr. STONE. To-day, with a production of about three times what we had in 1900, we are not making any more money on the increased volume. Our gross profits are about the same as when we only made about one-third of the colors we are making to-day. That is all brought about by the competition with the Germans. As I said before, as soon as we get on our feet on any particular color then they reduce the price.

Mr. UNDERWOOD. You stated that notwithstanding the German competition you have more than doubled the production in this country?

Mr. STONE. We have.

Mr. UNDERWOOD. And your plant has been earning, you say, 6 per cent since 1900. I would like to ask whether any of the profits have gone in to increase or build up your manufacturing plant?

Mr. STONE. They have; yes, sir.

Mr. UNDERWOOD. To what extent have you developed your manufacturing plant out of your profits, besides the 6 per cent?

Mr. STONE. We have a manufacturing plant that stands us about one million dollars, and I presume that 10 per cent of that has been of the earnings; the rest has been new capital put into the plant.

Mr. UNDERWOOD. Ten per cent during the period or the year?

Mr. STONE. During the period. The reason that we have not been able to make more colors heretofore has been that the Germans have had patents on a great many colors. As those patents expired, we took up the manufacture of those colors which we were free to make. Just as soon as we take up the manufacture, then they reduce the price. We can make them for a time until they commence to feel our competition, and then they reduce the price to a point where it is not profitable for us to make them. We are to-day making one of the largest colors at an actual loss.

Mr. UNDERWOOD. You ask for an increase of 10 per cent?

Mr. STONE. Ten per cent on the manufactured colors, and a decrease of the duties on some of the raw materials.

Mr. UNDERWOOD. Do you think that if we increase the duty the German dyes will come in to a large extent? Do you know what effect it would have on the revenue?

Mr. STONE. It would have no effect, in my opinion, except we could make more colors, and the more colors we made would correspondingly reduce the quantity of colors brought in by the importers. The Germans are amply able to absorb this increase of duty and still sell at the same price. The factories in Germany are paying dividends of 20 per cent, 25 per cent, and 30 per cent.

Mr. UNDERWOOD. If they could pay this increase of duty and yet maintain the price, that would not benefit you?

Mr. STONE. Yes, sir; because then we could compete with them. To-day we can not compete with them on a great many of their colors. There are a great many colors made in Germany which we are not able to make in this country. Owing to the duty on the raw material and the increase in cost of labor, the colors can not be made at a profit here, while they can be in Germany.

Mr. UNDERWOOD. If Congress put a tax on coal-tar products that would be detrimental to your interests?

Mr. STONE. Absolutely; that is, on the raw products like benzol. Even with the 30 per cent duty on raw materials, the Germans do not come over here to manufacture, because they can manufacture cheaper in Germany. They can pay the duty and still sell the colors here at a lower price than if they manufactured them here. If the result of this increased duty was to bring over the German manufacturers, we would welcome them, because we are perfectly able to compete with them under equal conditions, but not where they manufacture in Germany and we in the United States.

The CHAIRMAN. Do you import any material you use in the manufacture?

Mr. STONE. Yes, sir; largely.

The CHAIRMAN. About to what extent?

Mr. STONE. You mean what per cent of the raw material we import?

The CHAIRMAN. Yes, sir.

Mr. STONE. Outside of sulphuric acid, it is largely raw material.

The CHAIRMAN. Raw material more or less manufactured?

Mr. STONE. Yes, sir. It is what we call the intermediate products.

The CHAIRMAN. There are other materials used?

Mr. STONE. Yes, sir; acids particularly.

The CHAIRMAN. Can you give us the aggregate duty you pay per annum on the imported material?

Mr. STONE. The amount of money in dollars?

The CHAIRMAN. Yes, sir.

Mr. STONE. No; I can not.

Mr. HILL. I take it from your general talk that you would favor the bill now pending before the House for the limitation of foreign patents to a much shorter term of life unless the product is manufactured in this country?

Mr. STONE. Yes, sir; absolutely. I would be in favor of any correction of the patent laws which would force the manufacturers of

these patented articles to come to this country, just as the law now in England has forced some of the German factories into England.

Mr. HILL. And that would be of much help to your industry?

Mr. STONE. Yes, sir. We are perfectly willing to compete with the German manufacturers if they make their colors in the United States.

Mr. BOUTELL. Are any of these foreign dyes considered by the users superior to our domestic productions?

Mr. STONE. In times past the German colors were considered better. There are now a few colors made here, and every color we make here is equal in every way to the same color made in Germany, and is so recognized in the trade. Now many of our colors are sold to German importers and resold by them as German colors.

Mr. BOUTELL. With this tariff that you asked for would you be willing to make all the other colors?

Mr. STONE. Generally speaking, that would depend entirely on the raw material that went into its manufacture.

Mr. BOUTELL. And so the object to be obtained, in your mind, by this tariff would be to enlarge the scope of the American manufacturers and put them on an equality with the foreigners in the making of all the colors?

Mr. STONE. Yes, sir. This country would be equally as prominent as Germany in the manufacture of this line of chemicals if they were in the same position.

Mr. GAINES. Why do the importers buy your colors and then sell them?

Mr. STONE. Because in some colors we are able to compete with them. We have free raw materials on a great many colors.

Mr. SCHOELLKOPF. We sell to the importer of no one factory on the other side. We make certain colors which they do not make on the other side and we can sell to them where we can not sell to the importer who makes the identical color which we have to offer.

Mr. STONE. We have free raw material on a great many colors, but the colors we are now developing since the expiration of the patents require raw material on which there is a 20 per cent duty, and with that duty and only 30 per cent protection we have less than 10 per cent protection. That is far more than made up by the extra cost of labor and the other incidental expenses.

Mr. HILL. These colors are all patented?

Mr. STONE. No, sir; they were.

Mr. HILL. The foreign ones?

Mr. STONE. No, sir. Nearly all the foreign color patents have expired. For some of those colors they get an excessive price. We take up the colors as the patents expire and make them and then the price is immediately reduced.

Mr. RANDELL. If the tariff was placed at 40 per cent what effect would that have on the selling price to the consumer?

Mr. STONE. I do not think it would affect the selling price.

Mr. RANDELL. How would that assist you?

Mr. STONE. It would enable us to manufacture and compete. They would have to absorb the 10 per cent duty.

Mr. RANDELL. It would decrease the importations?

Mr. STONE. Certainly. To the extent that we would increase the number of colors that we make here a less number of colors would be imported.

Mr. RANDELL. Then, if you were prepared to make the amount that would supply the home market there would be no foreign imports at all?

Mr. STONE. If such were the fact, but it would not be, because there are so many colors made that we could never hope to catch up with them entirely. They still have a number of specialties, patented colors, which we can not make.

Mr. RANDELL. The effect would be that as far as you could manufacture them the foreign manufacturers could not compete?

Mr. STONE. On the 40 per cent basis with free raw material he could compete with us and we would have the advantage of competing with him, which we do not have at this time. As I stated before, the German manufacturers can make colors in Germany, pay the duty, and sell them here rather than start a factory in the United States. I am strongly in favor of some law, either patent or revenue law, which will force the German manufacturer to come over here and manufacture his colors.

Mr. BOUTELL. Who are your best customers?

Mr. STONE. Aniline dyes go into the textile manufactures and they are probably the largest consumers, large woolen companies like the American woolen manufacturers, leather, silks, cotton—all the textile lines.

Mr. GAINES. I was looking to see what amount of coal-tar products the representative of the Semet-Solvoy Company stated on yesterday they had.

Mr. STONE. He said they had about 500,000 gallons of benzol. That is the only article they manufacture which we call a raw product.

Mr. SCHOELLKOPF. I want to emphasize a statement I made a while ago that the 6 per cent we paid on the capital stock is earned largely from the selling department. They handle a great many articles outside of the products we make, and on them we make money. If it had not been for that we would not have been able to pay 6 per cent as against the Germans paying 25 per cent and 30 per cent.

The CHAIRMAN. Do they not extend credit for a longer period on goods sold in Germany than in the United States?

Mr. SCHOELLKOPF. I do not know that they do.

Mr. STONE. They do in the South American countries.

Mr. SCHOELLKOPF. We are actually selling a part of our output at a loss. We are forced to-day to sell a considerable portion of our colors at an actual loss.

The CHAIRMAN. Is there not a difference in the length of credit on goods sold in Germany and in the United States?

Mr. STONE. I think it is the same in Germany; but in the South American countries they do sell for a longer term, and also in India, I think, but not in the United States or Germany.

Mr. GAINES. What is benzol?

Mr. STONE. It is the first distillation of coal tar. It looks like benzine, but instead of being petroleum it is coal tar.

Mr. GAINES. When they speak of coal tar, they do not mean benzol?

Mr. STONE. No, sir; benzol is distilled coal tar. Benzol is a by-product of the coke oven. In our factory we do not start with benzol; we start with an intermediate product.

Mr. SCHOELLKOPF. They get a certain amount of benzol from tar, but the bulk comes from the gas, which is produced in much the same way as in the illuminating gas, only there the gas is the main product and the coke is the by-product.

STATEMENT OF HON. D. S. ALEXANDER, A REPRESENTATIVE FROM THE STATE OF NEW YORK.

Mr. ALEXANDER. If there are no further questions to ask Mr. Schoellkopf and Mr. Stone, I would like to make a statement, with your permission.

The CHAIRMAN. You may proceed, Mr. Alexander.

Mr. ALEXANDER. You will remember, Mr. Chairman, that Chairman Dingley stated in 1897 that he did not want to increase the duty because we had not increased our plant and our product for the ten years preceding the Dingley bill. I told him then that if he would increase the duty and put some of the raw materials of dyes upon the free list that we would show him very quickly whether we increased our plant and our product. He was very skeptical because, he said, he had watched the manufacture of aniline dyes for a great many years and he could not see any increase and we did not show any increase, but finally he consented, with the assistance of other members of the Ways and Means Committee, to give us a part of what we had asked for. We furnished the formulas for different by-products, raw materials, that we desired to come in free. Mr. Wiley, the Government chemist, analyzed and worked out those formulas and submitted them to your committee, showing that they did not compete with anything manufactured in this country, that they could be brought in without interfering with any manufactures of any kind in this country, and a part of them were put on the free list and the duty was fixed at 30 per cent.

Now, this industry is one of the largest industries in Buffalo, N. Y., and it is by far the largest aniline dye industry in this country. There are, as has been stated, three others, one at Albany and two in the State of New Jersey.

Just as soon as the Dingley tariff bill was passed in 1897, at the special session, Mr. Schoellkopf doubled his plant at a very large expense. He had faith in the statements that had been made before your committee, and in the last few years he has more than doubled his product. That is the story with which we come before you to-day.

Now, why are we asking the change of 10 per cent? Simply because we have gotten on our feet and we are putting out so large a product that the importers' corns are tread upon, and as has been shown here by Mr. Stone and Mr. Schoellkopf, they are throwing down the price on the few dyes that we manufacture, cutting down the price, but I understand from the statements already made, as well from a study of this admirable brief which has been prepared with some care, that if a few raw materials are placed upon the free list our product will be so much larger and we will be enabled to make so many more dyes, and that without increasing the price or lowering

the grade of the goods, that we can compete with these foreign manufacturers even though they throw down the price on certain aniline dyes that are their favorities.

It gives me a great deal of pleasure, and I take this occasion to state it, to come before this committee at the end if eleven years and show that we have done, and more than done, exactly what we promised Mr. Dingley and this committee eleven years ago we would do. We have more than doubled the plant and we have more than doubled our product, and if you will give us now what we ask for and what we confidently expect you will give us, we will bring the German manufacturers over here, and then we are perfectly willing to compete with a dozen of them, whether they come as a trust or not. The four manufacturers in this country are absolutely separate and distinct. There is no trust; there is no combination; there is no understanding, directly or indirectly; each one of them is independent and stands upon its own merits and is making its own fight. It has been a splendid fight, and if we had not accomplished so much we would not be here to-day asking anything additional. Indeed, if Mr. Dingley and this committee had given us eleven years ago what we asked for then, we would not be here to-day, but Mr. Dingley said: "Now, I will give you so much and let you try," and if he were alive and on this committee to-day he would recall, I am sure, the statements that I have made here, and he would hear this report with a great deal of pleasure. Mr. Payne, the chairman, has personal knowledge of the facts. We have absolutely made good, and more than good, that promise. It is an ideal case in tariffs. There is no concealment and if, after studying this brief, you want to see the books, we will bring them here. If, after studying this brief, you have any questions that you want to ask, while we may not be willing to answer them in public, the committee shall have an answer.

We do not want to give away our business, but the committee shall have an answer on every question they desire to propound. As I have said, it is an ideal case of where protection to American labor is giving us an excellent product at a price which is satisfactory to all.

The CHAIRMAN. In paragraph 524 there is a large number of articles on the free list, and many of them, as I understand, are coal-tar colors and dyes?

Mr. SCHOELLKOPF. No; all coal-tar products, but not dyes.

The CHAIRMAN. That was the idea of the Senate when they put them in. That, however, is not conclusive.

I wish you would send the committee a statement of the payment of duties on your raw material, as you call it, for the last year.

Mr. SCHOELLKOPF. Yes, sir.

Mr. ALEXANDER. Mr. Chairman, I am not sure that the 6 per cent dividend has been explained fully.

Mr. MCCALL. I think Mr. Schoellkopf said that was paid out of the general business.

The CHAIRMAN. And included a large number of articles.

Mr. ALEXANDER. Then you got the point that it was not paid from the earnings of the manufacturing department?

Mr. MCCALL. That was made clear.

Mr. ALEXANDER. If that is clear, that is all I care to say.

Mr. GAINES. Does not the selling department sell your own manufactures?

Mr. SCHOELLKOPF. It sells our products, as well as a great many others.

Mr. UNDERWOOD. When you file the statement with the committee, will you file a statement of your profit and loss since the enactment of the Dingley bill within the last eleven years on these particular items?

Mr. SCHOELLKOPF. On the colors which we are selling at a loss?

Mr. UNDERWOOD. Whether it is a profit or loss, so the committee may be advised as to what you are doing with your business now.

Mr. SCHOELLKOPF. We will file that just for the information of the committee. We can not publish that information, of course. We are perfectly willing to make a statement of what profit we have made in the business.

STATEMENT OF MR. EUGENE MERZ, REPRESENTING HELLER & MERZ COMPANY, 22 CLIFF STREET, NEW YORK CITY.

Mr. MERZ. I simply want to say, Mr. Chairman, that Mr. Somers, appearing for a number of dry-color manufacturers of New York, will speak for us. I came before I knew that Mr. Somers was coming down to represent all of the manufacturers.

STATEMENT OF MR. ARTHUR SOMERS, OF BROOKLYN, N. Y., REPRESENTING THE DRY-COLOR MANUFACTURERS.

Mr. SOMERS. I appear as a dry-color manufacturer, and in behalf of pretty nearly all, if not all, of the dry-color manufacturers, at least in the eastern part of the country, and also many of them in the West, who have recently telegraphed me to include them in my appearance here.

I have not had an opportunity of consulting with these men, and I hope I may fairly present their case.

In the first place, at Mr. Merz's suggestion, I desire to offer this brief to the committee as representing the views of Heller & Merz Company, who are large manufacturers of ultramarine blues. I shall not attempt to discuss the brief, as I have not read it, but I presume it covers the ground clearly from their standpoint and makes plain to the committee just exactly what they ask for—the little that they ask for in the adjustment of the present schedule in favor of ultramarine blues.

BRIEF SUBMITTED IN BEHALF OF HELLER & MERZ COMPANY, OF NEWARK, N. J., BY EUGENE MERZ, BOX 216, NEWARK, N. J.

NOVEMBER 10, 1908.

To the honorable the Committee on Ways and Means,
House of Representatives, United States:

In reference to the duty on ultramarine, Schedule A, paragraph 52, we wish to submit for your consideration the following facts:

A specific duty as levied at present is necessary, since from the nature of the material an ad valorem duty would be impossible to control or to collect. It is, nevertheless, well to consider what percentage of its value the present duty amounts to. On the higher grades of ultramarine selling at 15 cents or more per pound the duty amounts to 25 per cent or less of its value. On the medium grades it amounts to 30 per cent to 35 per cent, and correspondingly more on the inferior grades which every ultramarine works must produce incidentally

to its regular process in the production of the higher grades. Unless these lower grades can be disposed of without a loss the production of the higher grades becomes a commercial impossibility. Naturally the ultramarine manufacturer seeks an outlet for these lower or medium grades. Under a lower duty the European manufacturers could and would embarrass the American manufacturers by exporting, even at a temporary sacrifice if necessary, just these grades of ultramarine, and the production of the higher grades would then become an impossibility in the United States.

In this connection we would refer to a protested case which recently came before the collector and before the Board of General Appraisers at New York. An importation of a very inferior grade of ultramarine was entered by a dealer under the name of azure-gray blue. This contained 30 to 40 per cent of ultramarine blue, and was dependent for its coloring power and commercial value entirely on the ultramarine blue it contained. This was not an adulterated blue or a mixture of pigments, but was merely an ultramarine blue containing an unusual amount of the impurities incidental to its manufacture. It was brought in under an ad valorem duty, and at a valuation far below its value based on its ultramarine contents. A continuance or further development of this practice will seriously hamper the American manufacturers in the production of the higher and better grades of ultramarine. This shows the necessity of a specific duty and the need of ample protection to American manufacturers on those lower grades, which are a burden to every manufacturer because they are difficult to dispose of at any reasonable price and are impossible for us to dispose of in any country producing ultramarine blue where labor and materials are cheaper than in our own.

Comparing the American with the European conditions of cost of labor and materials, it will be seen that a liberal protective duty is necessary to enable this industry to be continued in this country. The laborer in German ultramarine factories receives 21 marks per week of sixty-six hours as against $10 to $12 per week of fifty-nine hours paid the American laborer of the same class. This makes the German labor cost about 45 per cent of the American wages. Skilled laborers as carpenters, masons, and machinists who are steadily employed about an ultramarine plant in the work of repair and maintenance receive, in Europe, only about 60 to 70 per cent of the wages paid in this country.

The initial cost of installation is higher in this country than abroad. This, together with the higher costs of maintenance and repairs, which are a large item in the manufacture of ultramarine, makes the cost of production higher in this country than elsewhere.

Comparisons which we have been able to make lead us to say that a manufacturing plant in Germany costs about 60 per cent of the price paid for the same installation in this country. To cite a specific case, a chimney which in this country cost $23,000 excluding the foundation, cost in Germany $12,000 including the foundation.

Furthermore, we are compelled to pay a duty on two of our most important raw materials. China clay (duty $2.50 per ton) and soda ash (duty three-eighths cent per pound) must be imported, since qualities suitable for ultramarine manufacture are not yet produced in the United States. The duties paid on these items amount to one-fourth cent or more per pound of ultramarine.

From these facts it will be seen that the duty at present levied is but moderate and is necessary to equalize European and American conditions; and we respectfully submit that the present rates of duty on our products should be left undisturbed.

Very respectfully,

THE HELLER & MERZ CO.
EUGENE MERZ.

Upon the question of dry colors it is a very difficult matter for me to be specific, for the reason that I have no means of knowing what is in the minds of the committee with reference to the schedule in which we are most particularly interested, and with which we are specially concerned.

The CHAIRMAN. You may assume that the minds of the committee are a blank on that subject.

Mr. SOMERS. Then I feel that my chances are very good. But our wants are but few, and we ask for little here below; and the less the Committee on Ways and Means does with the schedule concerning dry colors the better we shall be pleased.

Mr. HILL. What is the paragraph, if you know?

Mr. SOMERS. Numbers 44 to 58.

I desire to say that when this question was up in 1897 before the Committee on Ways and Means there appeared before the committee on behalf of the dry-color trade a committee appointed especially to present their case to it, and at that time they went into it rather exhaustively. Their report is to be found on page 97 of a copy of the tariff hearings before the Committee on Ways and Means, December, 1896, and January, 1897, or Schedule A. At that time the committee presented just exactly what their idea was as to the relation the duty on dry colors should bear to the duty on chemicals and coal-tar products from which they are made, and on lead products as well. The conditions under which they are used are practically the same, excepting the prices have somewhat changed; but the relative condition might be said to be the same, so that the arguments prepared at that time would serve as excellent arguments offered to the committee at this time.

The prices in our business depend entirely upon the market for chemicals, in which are embraced 101 different articles; upon the market price for lead, the products of pig lead, and aniline colors, known as coal-tar dyes, scarlets, and such like.

Now, under the present tariff law the dry-color manufacturers have fared quite well; that is to say, they have been satisfied to enter into what we consider to be distinct competition with our foreign manufacturers. And I will claim right here, and I do so in all candor, that at times since this law went into effect, the competition between the foreign producers, who come to our shores, and the home manufacturer, has been pretty close to the danger line, but that is healthy; we rather enjoy a scrap once in a while, and you have kept us pretty close to the grindstone.

I am prepared to-day to give you the prices; that is, the cost price, and I offer here a statement prepared by my partner and myself, and it is in such shape that I would be glad to submit it to the committee. It concerns the cost as compared with the cost abroad.

I will say that the tariff law has worked fairly well inasmuch as a happy medium seems to have been struck between the tariff on colors of American manufacture and the chemicals from which we make them. We use a considerable quantity of lead product, of potash salts, bichromate of potash, yellow prussiate of potash, bichromate of soda, alum, sulphate of barium; and in the relationship that obtains between these chemicals and dry colors, your committee seems to have struck what I consider to be a happy medium, and to have left us comparatively well off. We therefore ask to be left just where we stand to-day, with one exception. I shall point out one particular feature in the tariff law which I think ought to be changed in the interest of the Government, but on all other colors we have little enough protection, and as much protection as any honest manufacturer ought to ask for. We are enabled, under your present laws, to make a legitimate manufacturer's profit. We are not permitted to make fancy profits; we do not make fancy profits. The profits do not

create immense wealth, and if there are wealthy men in the business they have made their money in some other line, or some other special business. The business is down to a legitimate manufacturing basis, and when we figure that we have made at the end of the year 15 per cent on our investment, and paid our traveling expenses, we think that is little enough. That brings us down to about the same basis of profit as that of a contractor who would undertake the construction of a building such as we are in here to-day, and I anticipate that this committee or any other committee of fair-minded men does not consider that unreasonable.

In the present tariff law you have one paragraph to which I want to direct your attention. It is paragraph 54, which reads: "Vermilion red, and other colors containing quicksilver, dry or ground in oil or water, ten cents per pound." That is perfectly fair. It also says: "When not containing quicksilver, but made of lead or containing lead, five cents per pound." We ask you to strike out the words "containing lead," for this reason: In this country and abroad there are made many colors known as "lake" colors, the finer colors used for the finer colors of decorative work and glazing purposes. These cost all the way from 20 cents to $2 per pound, and it has been demonstrated and proven to our satisfaction—perhaps not to the Government, but to our satisfaction—that some manufacturers on the other side of the water endeavor to take advantage of this clause to escape the 30 per cent clause for which the other colors not otherwise mentioned was provided. They have precipitated their fine color, costing all the way up to $2, and sometimes higher, on a little bit of acetate of lead, so as to be able to prove to their own conscience, and swear to it, that that color does contain lead. They do not say how much, but a mere trace of lead justifies the declaration on their part that the color contains lead, and hence a color that costs $2 per pound and ought to be taxed at 30 per cent, or 60 cents per pound, comes into this country upon as low as 5 cents per pound duty. You can see that that is wrong. I submit that it needs no particular argument, and that no great stress need be laid upon that point, to prove to you the injustice of that particular thing and the manner in which the Government is deprived of something that it is legitimately entitled to.

Mr. UNDERWOOD. Are they not required to use quicksilver in these colors?

Mr. SOMERS. Not in these. All colors containing quicksilver are provided for in the first paragraph at 10 cents per pound.

Mr. UNDERWOOD. I notice that the second clause of that paragraph says: "When not containing quicksilver but made of lead or containing lead."

Mr. SOMERS. Yes; "containing lead." That is the point I object to. I call your attention to that, and I would like to have this committee correct it, by cutting out the words "containing lead." Or, do this: It is a well-known fact that 1 or 2 per cent of acetate of lead, for instance, in these fine colors, will not destroy the colors for the purpose for which it is intended. Ten per cent of lead, however, would totally unfit it for the purpose for which it was originally intended. And if the committee will insert after the word "containing" the words "at least 10 per cent," or, "at least 25 per cent of lead," we would be perfectly satisfied.

The CHAIRMAN. I think that would be an improvement over your other suggestion, because you would leave it as it is when not containing quicksilver, but made of lead.

Mr. SOMERS. If it shall read: "Containing at least 10 per cent of lead," we would be glad of that, because that would destroy the color in the use for which the fine colors were originally intended. They could not put 10 per cent of lead in it.

The CHAIRMAN. If you made it "containing 10 per cent of lead," would that cure the defect?

Mr. SOMERS. Yes; 5 per cent would cure the defect, I am quite satisfied, but I think we ought to go on the 10 per cent basis. Some competitors have suggested that we ought to ask for 25 per cent, but 10 per cent is just as good as 99 per cent, because it destroys the color and makes it entirely unfit for the use for which it was originally intended.

That is the only suggestion that the dry-color manufacturers have to make, and we make that in the interest of the Government, in order that you may not be deprived of 30 per cent duty that you are entitled to on all colors not otherwise provided for.

Let me say in closing that if there is a disposition on the part of this committee to subscribe to what appears to be a sentiment or demand somewhere that the tariff should be lowered, and you feel it incumbent upon yourselves in your good judgment to reduce the tariff on such articles as are covered in the dry-color schedule, please consider that these colors are made from chemicals, anilines, and lead products, and that there should be a corresponding reduction on all these things. If there should be an increase in the chemical tariffs, then there should be a corresponding increase. But my idea is, as a business man of twenty years' experience in this particular business, that to-day you have the very best workable schedule that any tariff committee has ever proposed or ever enacted by any Congress since I have been engaged in the business. We are getting along first rate, and we have no snap on anybody else, if I may be permitted a suggestion. We are close to the line of dangerous competition, yet it makes a business exceedingly healthy, because it stimulates our activity, and we ask no change whatsoever. We much prefer that.

The CHAIRMAN. A suggestion was made with reference to paragraph 489.

Mr. SOMERS. Yes; we are heavy consumers of barytes.

The CHAIRMAN. It is a valuable article, and it is admitted free of duty by the decision of the court. The suggestion is made that that paragraph be altered by striking out the words "carbonate of" and simply putting witherite on the free list.

Mr. SOMERS. That would be carrying with it a tariff. It certainly ought to be taxed. In our business we use a great many hundreds of tons of these materials, and we confine our purchases to the American products exclusively. We are perfectly satisfied to pay the price that the American producer asks. It is not a bit too much; and I anticipate that if you take the entire tariff off the foreign product and allow it to come in here, you would not only paralyze an important interest in this country, but not help the consumer. I believe that the tariff ought to be maintained where it is on barytes. It would not help us one iota and would simply endanger legitimate industry.

Mr. GAINES. Is it not on the free list now?

Mr. SOMERS. It carries a duty of six seventy-two a pound. There ought to be a tariff on it.

Mr. UNDERWOOD. Is the duty on any of these dry colors prohibitive?

Mr. SOMERS. No, sir.

Mr. UNDERWOOD. What is the amount manufactured in this country to-day?

Mr. SOMERS. That would be difficult to say; it is very hard to say. There are perhaps 100 concerns engaged in the manufacture of dry colors, and to take any one particular article would be almost impossible to give the amount manufactured. Those are things that we have no means of discovering.

Mr. UNDERWOOD. Have you any idea as to the comparative amount that is imported, as compared with the amount manufactured in this country?

Mr. SOMERS. On blues, for instance; I believe the amount of blue consumed in this country would comprise 33⅓ per cent of that imported, and the imported blue is sold at a lower price than the domestic manufacturer is able to sell his, although covered by 8 cents per pound duty. We have not increased our business to meet the general increase of business throughout the country, but we are not asking for any special favors, and are perfectly willing to go along on our present basis of competition with the foreign countries.

Now, if there are any other articles that appear to the gentlemen of the committee as being pertinent at this time, and concerning which the committee would like to know anything, I would be glad to answer, as I have a list of my materials.

Mr. BOUTELL. What is the value of the vermilion red made with quicksilver?

Mr. SOMERS. It sells in this country for 70 cents a pound. The imported sells for about 66 cents.

Mr. BOUTELL. So that the 10 cents a pound duty under the Dingley law is a little less than 15 per cent ad valorem under the Wilson bill?

Mr. SOMERS. Yes, sir; and it does not protect it; and their business, I might say to the gentlemen, has increased in the last three years considerably, and the business of the American manufacturer has not increased 5 per cent notwithstanding the general increase of business. We have not increased the output of quicksilver in this country 5 per cent, and the increase of consumption of imported vermilion red probably amounts to a 50 per cent increase.

Mr. BOUTELL. And under the Wilson bill, as I recall it, the duty on vermilion red, made with lead, was 6 cents a pound, as against 5 cents a pound under the Dingley law.

Mr. SOMERS. Yes, sir.

Mr. BOUTELL. You do not ask for an increase?

Mr. SOMERS. Those cheap vermilion reds to which that was intended to apply rarely come to this country, and unless they are very cheap we do not compete with them.

Mr. BOUTELL. How many manufacturers of dry colors are there in this country?

Mr. SOMERS. There are so many that I could not recount them. There are a great many paint manufacturers who make their own dry colors, and they are all over the Union.

Mr. BOUTELL. A large number?

Mr. SOMERS. A very large number.

Mr. BOUTELL. Is there any plan or effort among these to maintain uniformity of prices to the jobbers?

Mr. SOMERS. No, sir; excepting in the case of maybe two or three houses close together. In that case they sometimes find out what one's price is, and rather stick to it instead of cutting prices. For instance, blues are sold with fair uniformity at 29 to 30 cents a pound. They cost 26 cents per pound, and according to my figures here that gives an average profit of 3 cents a pound. But I believe, however, they do not cut each other to any great extent. There is not much money in the business.

Mr. BOUTELL. Of course, in competition, there must be equalizing prices of material of the same quality, but what I wanted to get at was, is there in this business any concert among any of the manufacturers to maintain uniformity of prices?

Mr. SOMERS. On one item only, and even there there is not uniformity of action, and that is chrome yellow. That sells for 12¼ cents per pound, and costs under the present price of bichromate of potash and soda 10¾ cents a pound to make. They get 12¼ cents for it. But on other things there is absolutely no attempt to combine or fix a standard of price.

Mr. BOUTELL. Perfect freedom of competition?

Mr. SOMERS. Absolutely.

Mr. BOUTELL. Do you know whether there is any successful plan or effort on the part of foreign exporters to fix a uniform price on goods sold in this country?

Mr. SOMERS. As to chemicals or dry colors—I do not know, sir. I do know as to certain chemicals bought in this country we pay certain prices, and if we import them, we import them generally through the same channels and pay the same prices. I do not know that I understand what that means. But the American manufacturer is absolutely a free lance, a sharp, keen, and aggressive competitor, as we have discovered.

I thank you very much.

STATEMENT OF HON. M. E. RHODES, OF ST. LOUIS, MO., REPRESENTING LACTIC PROCESS COMPANY.

Mr. RHODES. Mr. Chairman and gentlemen of the committee, I came all the way from far-away Missouri to call the attention of this committee to a very important matter. It is an important matter with respect to our State because it has to do with an important infant American industry, namely, the production of barytes, and the various purposes and uses that it serves in commercial work.

In calling the attention of the committee to the status of our case, I wish to say that I was very much pleased with the remarks of the gentleman who just preceded me, and whose name I do not know, wherein he called the attention of the committee to the necessity for a duty on barytes.

Mr. UNDERWOOD. What paragraph is that?

Mr. RHODES. I am unfamiliar with the course of the proceedings, and do not know. I am just in from St. Louis.

Mr. GAINES. There is a duty on baryta in paragraph 489.

Mr. RHODES. That is not on the crude ore, Mr. Gaines.

Mr. GAINES. It seems that the carbonate is on the free list, and the sulphate of baryta is 75 cents a ton.

The CHAIRMAN. Sulphate of baryta, or barytes, unmanufactured, 75 cents per ton; manufactured $5.25 per ton.

Mr. RHODES. That is as we understood it.

In response to a statement made by Mr. Gaines, I wish to say that barium sulphate means the crude ore. There are a number of other articles mentioned—witherite and blanc fixe—which are known as precipitated barium compounds, and it is not with reference to those articles that I desire to call the attention of the committee. I came from Washingon County, Mo., which has for more than a quarter of a century produced more than 50 per cent of all the barytes that the United States produces.

The CHAIRMAN. How much does it produce; how many tons?

Mr. RHODES. The United States produced last year 83,000 tons of barytes, of which 52 per cent came from my county, Washington County, Mo., and I submit in support of that statement the 1907 bulletin published by the Geological Survey, which gives the figures on the importations, and also on the production of barytes in the United States. I have them here.

Following is the bulletin referred to:

THE PRODUCTION OF BARYTES AND STRONTIUM IN 1907, BY ERNEST F. BURCHARD.

[Advance chapter from Mineral Resources of the United States, calendar year 1907.]

BARYTES.

CHARACTER.

Barytes or heavy spar is barium sulphate, the chemical formula of which is $BaSO_4$. The mineral is composed of barium monoxide (baryta, BaO), 65.7 per cent, and sulphur trioxide (SO_3), 34.3 per cent. The specific gravity is 4.3 to 4.6; the hardness, 2.5 to 3.5. Barytes is usually a white, opaque to translucent crystalline material, about as hard as calcite, but differing from the latter by its greater specific gravity and the fact that it does not effervesce with acids. It is frequently found stained reddish, pink, or yellow by iron oxide. A common form of the mineral is that of an aggregate of straight or slightly curved cleavable plates. It also occurs in granular, fibrous, and earthy masses, and in stalactitic forms, as well as in single and clustered crystals. In nature the material is rarely pure, the most common impurities being silica, lime, magnesia, and the oxides of iron and aluminum. Fine particles of galena are disseminated through some deposits of barytes; for instance, in Washington County, Mo. Commercial grades as mined carry 95 to 98 per cent barium sulphate and 1 to 3 per cent silica.

DISTRIBUTION.

Barytes occurs commonly in veins as a gangue of metallic ores, and also in veins in sandstone and limestone, or as a replacement of limestone. Differential weathering of the limestone and barytes has given rise to deposits of barytes embedded in residual clay. It thus may have a wide range in geologic age and an extensive distribution. The principal sources, however, are limited to two districts—that of Missouri and the Appalachians. In Missouri the counties of Washington, St. Francois, Crawford, Cole, Miller, and Morgan are producers, Washington County furnishing three-fourths of the output of the State.

The Appalachian district includes portions of Virginia, Tennessee, and North Carolina. There is also a newly developed area in central Kentucky. Considerable barytes has been found also in the Cumberland Valley in southern Pennsylvania, although little has been produced there.

USES AND REQUIREMENTS.

One of the principal uses of barytes is as a white pigment on account of its weight, absence of color, and inertness, and, in order that the material may be suitable for such use, it must, after milling, be free from all associated minerals, such as clay, calcium carbonate, silica, iron oxide, manganese oxide, lead, and zinc ores. The fitness of barytes as a pigment is also due to its aptitude to take color stain uniformly, and to make a small quantity of color, such as aniline, cover much surface, and it is therefore used as a base for conveying many organic coloring matters that are used in paints. Other uses are in refining sugar; in enameling iron, oilcloths, and paper collars; in the manufacture of paper, cloth, rubber, lithophone, and barium salts (which have a wide chemical application), and as an adulterant.

PREPARATION.

When dug from the residual clay in which they are usually embedded the barytes lumps are incrusted with clay, and are generally coated with iron oxide and stained deeply along every crack and seam. Masses of galena and chert likewise are often found adhering to the barytes. If the material is allowed to stand in the sun and rain, much of the clay becomes detached and drops off, and hand cobbing, picking, and sorting results in such further cleaning of the material that it is ready for shipment to the mills. This method of treatment is the one followed at the diggings in Missouri. The product from some workings in the southern Appalachian region is first washed in log washers to free it of associated clay. Next the barytes is separated into two or three grades by hand sorting, after which it is ready for the milling process.

Barytes can be milled by both the dry and the wet process. The wet process is the later and more effective one, and the one now most generally employed. Several types of mills are in use. The milling processes consist of crushing, grinding, washing, bleaching, and drying, although not necessarily in the order given. The most troublesome impurities seem to be galena and limonite. Where the galena occurs disseminated in fine grains through the barytes the two minerals are not easily separated by jigging or flotation. The limonite can not be entirely removed by ordinary jigging, and magnetic separation has been attempted but not yet accomplished. Bleaching, however, removes the iron if not present in quantity so great as to require an excessive quantity of sulphuric acid, but does not so readily affect the lead compound, which, when ground with the barytes, imparts a grayish tint to the material and thereby reduces its value as a pigment. Lime carbonate is also a deleterious impurity when it occurs in sufficient quantity to require a portion of the acid to neutralize it in the bleaching process.

One mill which prepares barytes to be shipped to other manufacturers who finish the product employs jaw crushers, geared rolls, and jigs, the material being treated with water from the beginning. At another type of mill the barytes is passed through a gyratory crusher, which breaks it into small lumps; then it goes to a log washer, next to lead-lined bleaching tanks, and then to a second log washer, from which it is elevated into a rotary, cylindrical drier heated by steam. The dried material is then pulverized in buhr mills arranged in two series of three each. The fine barytes emerging from the last mill is caught in barrels holding 550 to 600 pounds each.

An outline of the complete process in one of the most thoroughly equipped mills is, roughly, as follows: The crude material is ground in slip mills having granite grinders and granite bases. Water is fed into these mills and the ground material is floated over the top of the tanks, after which it is pumped into funnel-shaped separators. The contents of the separators are agitated by flowing water, and the coarser, rejected material is drawn off at the bottom of the funnel and returns to the slip mills, while the finer material floats off at the top of the separators. This material next descends to settling tanks, and after forming a sludge is drawn off into bleaching tanks. The bleaching tanks are built of concrete lined with refractory tile. Bleaching is accomplished by the addition of measured weights of sulphuric acid to the sludge and the agitation of the mass to secure thorough mixture. The acid reacts on the iron oxide and lime present, forming ferrous sulphate and calcium sulphate. The iron salt being soluble and the calcium salt partially soluble, besides having a lower specific gravity than the pure barytes, these substances, together with the excess of sulphuric acid, are removable in the further washing process to

which the material is subjected. For this next washing the material is pumped into washers which employ the float-separation process. Next, the bleached barytes passes to settling tanks, after which it is dried by being spread thinly on the surface of a rotating hot drum. From the hot drum the dried material falls or is brushed off and carried to Williams mills, where it is pulverized, screened, and finally sacked by machine. The essential difference between this process and the others mentioned above is in the fact that the material is first reduced to a fine condition before bleaching, thereby bringing the sulphuric acid intimately into contact with all portions of the barytes.

TRADE CONDITIONS AND DEVELOPMENTS BY STATES.

The year 1907 began with a strong demand for finished barytes, occasioned by activity in the paint trade. This demand stimulated production and maintained high prices, at least during the first half of the year. With the general stagnation in business in the fall of 1907 the barytes industry suffered to a considerable extent, and at the close of the year many mines were idle with reserves of unsold barytes awaiting shipment, while several mills were closed and others were working with much reduced forces. Notwithstanding the depression attending the financial stringency, the prices for manufactured barytes remained high throughout most of the year, with a slight drop in December.

Alabama.—The deposits near Ashville, which were producing in 1906, are reported to have been depleted and not to have produced any barytes in 1907.

Georgia.—Barytes occurs at several localities in the vicinity of Cartersville, Bartow County, Ga., and at one place, between 2½ and 3 miles southeast of Cartersville, mining of the mineral has been begun by the Nulsen, Klein & Krausse Manufacturing Company. A brief description of these deposits has been published recently by the survey.[a]

Messrs. Hayes and Phalen describe in this paper the geologic relations of barytes and limonite deposits, both of which are associated with Beaver limestone and Weisner quartzite in such relations as to indicate that they appear originally to have replaced distinct beds in the shaly limestone overlying the quartzite. In their present condition the ores are residual, and it appears certain that gravity has aided in concentrating the barytes into workable deposits. The description concludes with the following paragraphs:

"The barite deposit, as shown in the present workings, has a thickness of about 50 feet normal to the slope of the surface. It is intermingled with residual material, chiefly red, brown, and yellow clay, with some fragments of quartzite. The barite itself makes up about one-third of the material removed in mining. It consists of irregular or slightly rounded bowlders ranging from a few ounces up to several hundred pounds in weight. It is for the most part of a massive, compactly granular structure, and of a pure white or faint bluish color. As it occurs in the face of the open pit its presence might not be suspected owing to films of ferruginous clay which cover the nodules. The iron stain is confined almost entirely to the surface of the bowlders.

"The deposit is worked in an open pit. The ore and accompanying clay are loosened by blasting and shoveled into small cars, which dump into a steeply inclined sluiceway with a stream of water. This carries the ore to a log washer at the base of the hill and at the same time frees it from much of the associated clay. After passing through the washer the ore is separated into three grades by hand picking. The highest grade contains some iron oxide, but merely as a thin film on the outside, which may be removed readily by acid. The inferior varieties contain more or less iron oxide disseminated throughout their mass, making its complete separation expensive and interfering with its utilization for certain purposes.

"Work has been in progress about six months, and during this time more than 1,000 tons of barite, valued at approximately $4,000, have been removed. The deposits will in all probability prove fairly extensive, and the future prospect of the industry seems good."

Kentucky.—Predictions made in this report for 1906 that the production of this State would be increased have been fulfilled. A new mill built at Nicholasville by the Jessamine Barytes Company began operations in July, 1907, and handled the production of the company's mines in central Kentucky. Newly

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[a] Hayes, C. W., and Phalen, W. C., A commercial occurrence of barite near Cartersville, Ga., Bull. U. S. Geol. Survey No. 340–M, 1908, pp. 3–7.

opened mines of barytes and lead in Bourbon County produced some barytes, and it is expected that a mill will be erected by the owners, the Kentucky Mining and Development Company. The Dix River Barytes Company has produced considerable barytes from Boyle and Lincoln counties, and holds large undeveloped deposits in Garrard County.

Missouri.—Six new mines were reported producing barytes in this State, three being in Washington County, two in Cole County, and one in Morgan County, 10 miles south of Versailles, in a locality where there had been no barytes mined for twenty years. Missouri still continues to be a heavy producer, and contains large supplies of undeveloped barytes awaiting transportation facilities to make them available.

Nevada.—It is reported[a] that development was begun in 1907 near Blair, Nev., on a promising vein of barytes, which carries galena as the only other constituent, and it is proposed to build a mill for the separation and recovery of both these minerals.

North Carolina.—North Carolina reports a larger production than in 1906, four firms having produced barytes, as compared with one producer in 1906. The old Lawton barytes mine, 5 miles south of Bessemer City, Gaston County, was reopened about September 1, 1907, under lease by the Clinch Valley Barytes Company, and was operated about three months. This property was visited by Mr. D. B. Sterrett, of the United States Geological Survey, who noted the following points in regard to the occurrence of the barytes and the method of working it:[b] The barytes is disclosed by two main workings about 200 yards apart on opposite sides of a small stream. At the south working one vein is encountered; at the north working there are two parallel or forking veins. All the veins strike about N. 10° to 15° E. Their range in thickness is 2½ to 6 feet, as exposed in the workings. The country rock is fine silvery quartzose sericite schist. Hard, coarse cyanite gneiss outcrops boldly 100 to 200 feet to the west. Minerals associated with the barytes are quartz, galena, sphalerite, pyromorphite, and lead alteration products, and stains or iron and manganese oxides. The barytes is granular and sometimes more coarsely crystalline than marble, and in places it shows cleavage surfaces 2 inches across.

Adjoining the Lawton mine on the north are other old barytes workings, and at a distance of one-third of a mile east of north are still more old workings or test shafts with a small outcrop in the road. At several places, extending through a distance of nearly a mile west of south, mining of barytes has been carried on, and in some of these openings there were two parallel veins. At one place hard cyanite gneiss outcrops within 25 feet to the west of the barytes vein.

Doctor Pratt[c] considers that the barytes veins are lenticular in shape and that they represent the filling of fissures and crevices in the schist, which may have been caused by the faulting or tearing apart of the rock.

The operations at the Lawton mine comprised retimbering of the old 6-foot by 8-foot shaft south of the stream. This shaft is 50 feet west of the vein. The workings on the north side consist of a new shaft, 5½ feet by 8 feet, started some 75 feet east of the main vein. The shaft was, when visited, 20 feet deep and was to be sunk 150 feet, with a crosscut level at a depth of 75 feet to the vein. Heavy timbering was being used in the shafts and permanent improvements, such as the erection of shop, sawmill, office, and other buildings were being made on the property.

South Carolina.—No production was reported from this State, but operations were begun in the fall of 1907 and soon again suspended at the old barytes mines at Kings Creek. The deposits here are about 13 miles southwest of the Lawton mine in North Carolina, but follow the same general trend of rock formations as the Lawton veins.

Tennessee.—Although no new deposits of barytes were reported as having been discovered or opened up during 1907 in East Tennessee, the general trade conditions were good, and apparently the business depression of the latter part of the year seems to have been felt less keenly by the barytes industry here than in States farther west. The production as reported to the Survey was increased to nearly four times that of 1906. Deposits in Sevier County are reported to contain ample reserves awaiting better transportation facilities.

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[a] Judd, Edw. K., Barytes: Eng. and Min. Jour., January 4, 1908.

[b] See also Pratt, Joseph Hyde, The Mining Indutsry in North Carolina during 1901: North Carolina Geol. Survey, Economic Paper No. 6, 1902, pp. 62–66.

[c] Op. cit.

Virginia.—Up to the middle of the year the demand for barytes was very strong, greater than some producers could meet, but in the last half of the year the production was greatly curtailed. Some of the deposits situated near transportation lines are becoming depleted, while others, as yet little worked, are so inaccessible as to render the cost of operation prohibitive at present. With extension of railroad facilities an increased output from this State will become possible.

The geology of the Virginia barytes deposits is described by Watson,[a] who groups the deposits of the States into three areas unlike geologically: (1) those of the red shale, sandstone series of Triassic age; (2) those of the crystalline metamorphic area, the age relations of the rocks being unknown, but probably pre-Cambrian for the most part; and (3) those of the Valley region associated for the most part with the Cambro-Ordovician limestone (Shenandoah) or its residual clay. Areas 1 and 2 are in the Piedmont province, while 3, as its grouping indicates, is in the great Appalachian valley.

In the Triassic area barytes has been mined in Prince William County about 4 miles south of east from Catlett, Fauquier County. Here it is associated with red shale and impure limestone, usually filling fractures reported to be 4 to 8 feet wide in the red shale, but also in thin, tabular, cleavable masses in the limestone.

In the crystalline area barytes has been noted in nine counties, but the principal production has been from Campbell, Pittsylvania, Bedford, and Louisa counties. In the Campbell-Pittsylvania area the barytes occurs in intimate association with the crystalline limestone in irregular, lenticular bodies or pockets, which measure from 100 to 200 feet, replacing the limestone. There is also present immediately below and above the limestone a variable thickness of a nearly black, manganiferous iron clay (umber), usually preserving the foliation of the original rock from which it was derived. Through this black clay nodules of barytes are distributed. In the Bedford County area the barytes occurs in a schistose, coarse-grained granite, filling a fracture. In Louisa County the ore occurs in pockets having a thickness of about 3 feet where worked. It probably represents a filling in irregular fractures in the crystalline schists.

In the Valley region of southwest Virginia the barytes is in association with the limestone or its residual clay. In places it fills fractures in the limestone, and it also replaces the limestone to some extent. In the clay it is found in nodules irregularly distributed through the clay. The Valley region counties in which barytes occurs are Russell, Tazewell, Smyth, and Wythe, although no mining has been done in the last-mentioned county.

The methods of mining barytes in southwest Virginia as noted by Mr. Watson are simple, and consist mostly of surface workings. In the crystalline area east of the Blue Ridge the ore is won by vertical timbered shafts and drifts which follow the direction of the ore bodies. The greatest depth yet reached at any mine in the State is 160 feet in a shaft at the Hewitt mine in Campbell County.

PRODUCTION.

In 1907 the quantity of crude barytes reported as mined in the United States was 89,621 short tons, valued at $291,777. This value is that of the crude barytes at the mines, hand cobbed, sorted, and ready for shipment to the mills. This production shows an increase in quantity of 39,390 short tons, and in value of $131,401, over the output for 1906, which was 50,231 short tons, valued at $160,367. The price per ton shows the following steadily increased averages since 1904: 1904, $2.66; 1905, $3.08; 1906, $3.19, and 1907, $3.25. The apparently large increase of more than 78 per cent in quantity, and of nearly 82 per cent in value, is perhaps the result of three conditions: First, it is possible that reports were not secured from all producers in 1906 and that the actual production was slightly in excess of the figures given for that year; second, several new producers have entered the field since the close of 1906; and third, many new deposits have been opened by steady producers, who, individually, report largely increased outputs. If business conditions had remained normal throughout the year, and there had been no shut-downs in the autumn, the production would doubtless have passed the 100,000-ton mark. As it is, the year 1907 proved to be the record year in the barytes industry,

[a] Watson, Thomas L. Geology of the Virginia baryte deposits: Bi-monthly Bull. Am. Inst. Min. Eng. No. 18, November, 1907, pp. 953–976.

1904 holding the previous record of 65,727 short tons. A curtailment of production in 1908 is not improbable.

The total quantity of barytes reported as refined by mills in Kentucky, Missouri, North Carolina, Tennessee, and Virginia was 47,399 short tons, valued at $691,636, an average price per ton at the mills of $14.59. This quantity probably falls below the actual tonnage of barytes from mines in the United States that was milled in this country, although owing to the quantities included in unsold stocks it is certain that the discrepancy is not so great as would appear on first inspection of the totals. Considerable foreign barytes, especially from Canada, is annually milled in the United States, but at present records are not available as to the exact quantities.

Prices per short ton quoted by dealers toward the close of 1907 were about as follows: Foreign, first-class, water-floated, $21.50; domestic, first-class, water-floated, $20.50; domestic, first-class, dry-ground, $18 to $20; domestic, off-color, $13.50 to $17.50.

Production of crude barytes in the United States, 1905–1907, by States, in short tons.

State.	1905.			1906.			1907.		
	Quantity.	Value.	Average price per ton.	Quantity.	Value.	Average price per ton.	Quantity.	Value.	Average price per ton.
Missouri	26,761	$84,095	$3.14	28,869	$93,479	$3.24	44,039	$162,459	$3.69
North Carolina	5,519	21,545	3.90	([a])	([a])		5,785	18,855	3.26
Tennessee	[b] 9,487	15,325	1.62	5,247	8,782	1.67	20,861	37,138	1.78
Virginia	6,468	27,838	4.30	11,775	45,336	3.85	9,254	32,833	3.55
Other States				[c] 4,340	12,770	2.94	[d] 9,682	40,492	4.18
Total	48,235	148,803	3.08	50,231	160,367	3.19	89,621	291,777	3.26

[a] Included in other States.
[b] Includes a small production from Kentucky.
[c] Includes the production of Alabama, Kentucky, and North Carolina.
[d] Includes the production of Georgia and Kentucky.

Production of crude barytes, 1882–1907.

	Short tons.		Short tons.
1882	22,400	1895	21,529
1883	30,240	1896	17,068
1884	28,000	1897	26,042
1885	16,800	1898	31,306
1886	11,200	1899	41,894
1887	16,800	1900	67,680
1888	22,400	1901	49,070
1889	21,460	1902	61,668
1890	21,911	1903	50,397
1891	31,069	1904	65,727
1892	32,108	1905	48,235
1893	28,970	1906	50,231
1894	23,335	1907	89,621

IMPORTS.

A review of the situation with regard to the duty on precipitated barium carbonate shows that it presents a new phase since the issuance of this report for 1906. The tariff act of 1897, paragraph 489, places upon the free list "Baryta, carbonate of, or witherite." Witherite is the natural carbonate of baryta, a mineral substance, and as such was plainly entitled by the intent of the act to be exempt from duty as a raw or unmanufactured material. The chemical salt, precipitated carbonate of baryta, which is not witherite, but a

manufactured chemical compound similar to witherite in chemical composition rather than in physical character, and not necessarily made from witherite as a base, was for a time brought in duty free under the interpretation that paragraph 489 covered the chemical compound barium carbonate. On November 16, 1901, the Board of General Appraisers held that precipitated carbonate of baryta was dutiable at the rate of 25 per cent ad valorem as a chemical compound under the provisions of paragraph 3 of the act of July 24, 1897, which requires that all chemical compounds not specifically provided for in this act shall be assessed 25 per cent ad valorem.

The United States circuit court for the southern district of New York, in the case of Gabriel & Schall (T. D. 24331), reversed this decision of the board and held that said article was free of duty under the provisions of paragraph 489 of said act. On July 26, 1906, the Treasury Department instructed (see T. D. 27525) the collector of customs at New York to assess duty again upon precipitated carbonate of baryta at the rate of 25 per cent ad valorem under paragraph 3 of the act of July 24, 1897. This decision has been once more protested against (Protest 277208 of Gabriel & Schall, New York), and the decision of the board (No. 18633), rendered March 31, 1908, is as follows:

"LUNT, *General Appraiser:* Carbonate of baryta, precipitated, which was classified at the rate of 25 per cent ad valorem under paragraph 3 of the tariff act of 1897 as a chemical salt, is claimed to be free of duty under paragraph 489 as 'baryta, carbonate of, or witherite.' In other words, the importers contend that paragraph 489 is not limited to witherite but extends to an article known commercially as carbonate of baryta. This contention was decided favorably to the importers in Gabriel & Schall *v.* United States (121 Fed. Rep., 208), where the court had before it merchandise identical with that here in issue.

"Witherite is a mineral ore, found in the southern part of Scotland, and ranges from 78 to 94 per cent in purity. Carbonate of baryta, precipitated, is a highly finished article, 99 per cent pure, the production of which requires such a chemical manipulation that its identity as witherite is lost. It is our opinion that it was never the intent of Congress to admit free of duty a manufactured article when the raw material from which it is produced is admitted free; and as stated in G. A. 5026 (T. D. 23364), citing United States *v.* Eschwege (98 Fed. Rep., 600) and In re Schallenberger (72 Fed. Rep., 491), 'the general purpose of the law is to make more advanced articles dutiable at higher rates.' This statement is correct when we consider that the underlying principle of our tariff act is protection to American industries.

"As an original proposition our conclusion would have been different from that in Gabriel & Schall *v.* United States (supra), but under the doctrine of stare decisis it is incumbent on the board to follow the decision of a superior appellate court, where the same issue was raised and where the introduction of new testimony before the board, which was not before the court, does not justify a departure from the decision of the court. G. A. 5600 (T. D. 25066); G. A. 6039 (T. D. 26368).

"Conforming to the decision in Gabriel & Schall *v.* United States (supra), we sustain the claim in the protest and reverse the decision of the collector."

The Treasury Department has appealed from this decision and is still levying duty upon precipitated barium carbonate at the date of writing (May 4, 1908).

If it were the intent of the act of 1897 to admit duty-free the mineral witherite only, there would seem to be necessity for clearer definition in the wording of the act, which could be accomplished by the insertion of the word "natural" in paragraph 489, causing it to read "Baryta, natural carbonate of, or witherite." If, on the other hand, the intent was to admit duty-free the chemical salt, carbonate of baryta, as well as witherite, then the act should read: "Baryta, precipitated carbonate of, and witherite."

Producers of barytes are interested in this matter, since the precipitated carbonate can be produced from barytes as a base by means of chemical processes, and it is reported that mills which have been equipped to produce the carbonate have been able to manufacture it profitably.

Precipitated barium carbonate is used as a reagent in analytical chemical work, and also in glass making to impart luster and brilliancy to glass.

The imports of barytes for consumption during the last five years have been as follows:

Barytes imported and entered for consumption in the United States, 1903–1907, in short tons.

Year.	Manufactured.		Unmanufactured.	
	Quantity.	Value.	Quantity.	Value.
1903	5,716	$48,726	7,105	$22,777
1904	6,630	48,658	7,492	27,863
1905	4,803	39,803	14,256	62,459
1906	4,807	37,296	9,190	27,584
1907	11,207	96,542	20,544	76,888

Value of the imports of barium compounds in 1905, 1906, and 1907.

Barium compound.	1905.	1906.	1907.
Witherite, barium carbonate	$45,073	$55,405	$24,552
Barium binoxide	111,856	152,403	167,519
Barium chloride	47,386	65,242	79,333
Blanc fixe, or artificial barium sulphate	53,112	61,961	85,713
Total	257,427	335,011	357,117

BARYTES INDUSTRY IN CANADA.[a]

Occurrence.

In Ontario barytes veins occur on McKellar Island, near the northwest shore of Lake Superior. The main vein is reported to be about 60 feet wide, to consist of coarsely crystalline calcite and barytes with some quartz, and to be inclosed in a dark-green coarse-grained trap rock. This material has been worked and the product shipped to the United States. About 4 miles west of Kingston a vein of barytes varying in width from a few inches to over 3 feet is reported to extend nearly 14 miles. This vein cuts Ordovician cherty and shaly limestone. The barytes is associated with calcite. Many other occurrences of the mineral have been noted in Ontario.

In Quebec many occurrences of barytes are known, among which the vein worked by the Canada Paint Company in Hull Township, Wright County, is worthy of note. This vein has been followed for 300 feet and to a depth of 20 feet. Barytes has been shipped from both New Brunswick and Newfoundland.

In Nova Scotia workable deposits occur on the gulf shore of Cape Breton, north of Cheticamp Island, also inland about Lake Ainslie. The Cheticamp deposits lie in veins traversing pre-Cambrian schists. Associated with the barytes are quartz, calcite, and fluorite, with hematite in the joint planes. The fluorite is evidently rather abundant at this locality. In the Lake Ainslie district the barytes occurs in a group of nearly parallel veins filling fracture openings in granular and highly quartzitic felsite, probably of pre-Cambrian age. In both the Lake Ainslie and Cheticamp districts the country rocks are bordered or cut by intrusives. Analysis of Lake Ainslie barytes showed barium sulphate, 94.20 per cent; calcium sulphate 0.02 per cent; calcium carbonate, 4.44 per cent; silica, 0.05 per cent; ferric oxide, 0.11 per cent; and alumina, 0.04 per cent.

On Bass River in the Five Islands district, Nova Scotia, are important barytes deposits which occur in veins in crushed and metamorphosed slates. The principal bodies of barytes occur in a zone about 70 feet wide, extending in a general direction northwest from the river. The rock in this zone is very

[a] Data from Poole, Henry S., The barytes deposits of Lake Ainslie and North Cheticamp, N. S.: Bull. Geol. Survey Canada No. 953, 1907; and Hutchinson, W. Spencer, Barytes deposits at Five Islands, N. S.: Eng. and Min. Jour., November 2, 1907, pp. 825–826.

much crushed, and is recemented by calcium carbonate, which in places lines cavities in the veins. The barytes veins have well-defined walls, but show no regular course or position. They range in width from a few inches to 4 feet, with local enlargements 10 to 15 feet in thickness. A large, irregular mass exposed in an open cut consists of barytes filling voids in brecciated slate and inclosing fragments of slate. The barytes found here seems to be of unusual purity. It is crystalline and only slightly yellow on the outer surface and cleavage faces, while selected specimens are of pure white, barium sulphate. Analysis of a general sample from the bin at the mine gave the following percentages: Loss on ignition, 0.18; silica, 0.95; iron sulphide, 0.07; alumina, 0.02; calcium oxide, 0.02; magnesia, 0.22; barium sulphate, 98.54. Underground mining work was carried on at this deposit between 1866 and 1871 with reported production of 2,000 to 3,000 tons annually, but has since been suspended, although the deposits are known to be valuable. Recently work has been resumed, and it is expected that the mines will shortly begin shipment.

Manufacture.

In Nova Scotia there are at present two mills preparing barytes for market, one in Halifax, the other at Dartmouth. At the Halifax mill the material is hand-cobbed and separated into three grades, "white," "selected," and "off color." Then it is broken, crushed, ground with buhrstones, and packed into barrels. The small quantities of fluorite which find their way into the material are not considered detrimental to paints, as the fluorite grinds white. At the Dartmouth mill the barytes is broken, bleached by acid, drained, and washed and afterwards pulverized, and finally ground between horizontal revolving granite stones and French buhrs.

Crude material is also shipped by the Ainslie Mining and Railway Company (Limited) to the United States, where it is washed, bleached, and milled at the works of the company in Long Island City, N. Y.

Production.

According to the preliminary report on the mineral production of Canada in 1907, there were produced in that year 2,016 short tons of barytes, valued at $4,500. This is a decrease from the production of 1906, which was reported as 4,000 short tons, valued at $12,000.

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STRONTIUM.

The most common ores of strontium are celestite, the sulphate of strontium ($SrSO_4$), and strontianite, the carbonate of strontium ($SrCO_3$). Celestite occurs associated with limestones, and also with beds of clay, rock, salt, gypsum, and deposits of barytes and of sulphur. Localities where it has been observed in the United States are on Drummond Island, Lake Huron; Put in Bay, Lake Erie; at Schoharie, Lockport, and Rossie, N. Y.; Blair County, Pa.; Brown County, Kans., and on Mount Bonnell, near Austin, Tex. Strontianite occurs also in the latter deposit as an alteration product. Recently the presence of strontium sulphate in association with barytes has been reported from a vein on Kentucky River near Brooklyn, and also from a vein near Danville, Ky., on the property of the Dix River Barytes Company. Analyses made by Ledoux & Co., of New York City, on three samples of this ore show, respectively, 7.12 per cent, 14.36 per cent, and 26.84 per cent of strontium sulphate, the rest of the material being mainly barium sulphate. This is of interest, at least from a mineralogical point of view.

There are a few known occurrences of strontium ores in Canada.[a] Strontianite is reported to occur in veins from 4 to 6 inches thick in Chazy limestone on the south shore of Ottawa River in Nepean Township, and celestite to occur in Ontario, as follows: In the township of Lansdowne an important vein of crystalline material; in Bagot Township; in the city of Kingston, in Black River limestone; in Caledon Township, in Niagara limestone; and in Quebec, in the township of Hawkesbury.

The chief strontium mines are at Strontian, Scotland; in Yorkshire, England; at Giants Causeway, Ireland; in Saxony, in Saltzburg, and in the Hartz Mountains.

Strontium, in the form of the hydroxide, is of value in the refining of beet sugar, and as the nitrate, in the manufacture of pyrotechnic supplies. Barium hydroxide is used to a large extent, on account of its lower cost, in place of strontium hydrate, in the beet-sugar industry, although the barium compound is said to be of a poisonous nature. Probably because of the cheapness of barytes the strontium ores have not yet been worked on a commercial scale in America.

IMPORTS.

Oxide of strontium, valued at $1,242, was the only importation of strontium compound reported by the Bureau of Statistics for 1907. Considerably larger quantities of the nitrate are believed to be imported into the United States, and it probably comes in as unclassified chemical material.

With the consent of the committee, I desire to read about four pages of data that I have with me in the form of a letter that I wrote Mr. Bartholdt, of St. Louis, some three months ago, regarding this matter; and I feel that I should apologize to the committee in not having my data in better form; yet we did not know until Monday morning that we would have an opportunity to be heard; hence we came, in a sense at least, unprepared. (Reads):

POTOSI, MO., *July 30, 1908.*

Hon. RICHARD BARTHOLDT, *St. Louis, Mo.*

DEAR MR. BARTHOLDT: In compliance with your recent request regarding the necessity for a duty on barytes, I beg to submit the following:

Barytes is a mineral substance, the base of which is barium. Its chief value in the commercial world is as a white pigment, and when properly combined with white lead and other pigments is said to produce the best grade of paint known to the American trade. (See page 5, 1904 Bulletin, entitled "Production of Barytes," issued by the United States Geological Survey, and subsequent issues.)

The chemical formula of barytes is $BaSO_4$. In appearance it is a white translucent crystalline material, about as hard as calcite, but differing in specific gravity. It is usually found in granular, fibrous, and earthy masses; sometimes it appears in stalactitic forms, as well as in clustered crystals.

In nature the mineral is rarely pure, carrying with it a small per cent of silica, lime, magnesia, and iron. (See page 3, 1907 edition, same document.)

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[a] Poole, Henry S., op. cit., pp. 41–43.

Missouri has produced more than 50 per cent of all the barytes produced in the United States within the last twenty-five years. Washington County produces annually 75 per cent of all the barytes produced in Missouri. (See page 3, 1907 edition, above-named document.) There are seven plants in the United States engaged in the manufacture of barium sulphate and other barium products, three of which are in Missouri. The Point Mining and Milling Company has a plant at Mineral Point; Nulsen, Klein & Krausse, and the J. C. Fink Manufacturing Company, each have large plants in the city of St. Louis. The other mills are located in Tennessee, Virginia, West Virginia, and North Carolina.

And I will say here in this connection that I was told yesterday that a number of these people have been forced out of business within the last few months. (Continues reading:)

In 1906 there were produced in the United States 50,231 tons, or something over 100,000,000 pounds, of barytes. This amount represents the greatest annual production since 1867, except the years 1900, 1902, 1904, and 1907. (See page 8, 1906 edition, same document.)

In 1906 there were imported into the United States, chiefly from Germany and Newfoundland, 13,997 tons of barytes, or about 27,000,000 pounds. Of this amount imported, about two-thirds was of the crude material. For these estimates see page 9, 1906 edition, above-mentioned document.

A comparison of the amount of barytes imported into the United States in 1906, with the total amount produced in the United States, shows there was imported in that year more than one-fourth as much as the whole country produced. Yet the fact remains we have the finest quality in the United States the world produces, especially in Missouri. An analysis of the article has demonstrated the truthfulness of my statement.

Mr. UNDERWOOD. Do you mean one-fourth of the production in the United States, or one-fourth more than the total production in the United States, was imported?

Mr. RHODES. I meant that we imported more than one-fourth as much as the whole United States production; for instance, we produced 58,000 tons, and there were more than 13,000 tons——

The CHAIRMAN. Will you kindly repeat that?

Mr. RHODES. I was saying, in response to a question by the gentleman from Alabama, that in 1906 we imported more than 13,000 tons, and in the same year we produced 52,000 tons.

The CHAIRMAN. We imported, in 1906, 6,414 tons of barytes, sulphate of, and of the manufactured we imported 3,080 tons, according to the Government statistics?

Mr. RHODES. Yes; I have the Government statistics; that is the source from which I get my figures.

Mr. UNDERWOOD. In other words, from your figures the importation is about one-fourth of the American production?

Mr. RHODES. More than that.

Mr. UNDERWOOD. I am speaking now with respect to 1906.

Mr. RHODES. But last year's business shows a more alarming condition of things with respect to the American producer or miner. In 1907 we produced in the United States 89,621 tons of crude barytes, which was our greatest year in the history of the industry. In 1907 we imported, chiefly from Germany and Newfoundland, 31,751 tons of barytes, which was more than one-third as much as the whole United States produced. In other words, our production in 1907 was 89,000 tons and in 1906 it was 52,000 tons. There was an increase in the total production in the United States from 52,000 tons in 1906 to 89,000 tons in 1907.

The CHAIRMAN. The figures that you have taken have come from the Geological Survey bulletin, have they not?

Mr. RHODES. Yes, sir.

The CHAIRMAN. And they do not seem to agree with the figures of the Bureau of Statistics. They are 50 per cent more for 1907 than the figures of the Bureau of Statistics.

Mr. RHODES. If there are discrepancies between the figures that I submit and those in the possession of the committee, we will have——

The CHAIRMAN. You have produced a government publication. I was trying to find out where you got your figures, and that shows it.

Mr. RHODES. Yes. I hope I have made myself understood with respect to the production and the importation.

The CHAIRMAN. I think you have; yes.

Mr. RHODES (reads):

In addition to these importations, there were imported a number of precipitated barium compounds, the exact amount of which I do not know, but in value amounted to $375,117. (See p. 11, 1907 edition same document.)

The Oil, Paint, and Drug Reporter, a reliable trade journal published in the city of New York, shows that in the first two weeks of this year (January, 1908), there were imported into the United States 1,100 tons, or over 2,000,000 pounds of barytes. The same journal shows there was imported into the United States during the first twenty-seven weeks of this year, 14,956 tons of barytes.

In other words, the first twenty-seven weeks of this year shows greater importations into the United States than the whole of 1906. And in that connection I wish to say that the American miner could not sell one pound of barytes. This morning, since I reached this committee room, I received a telegram from a representative of the Point Mining and Milling Company, of the city of St. Louis, giving figures on the importation of barytes to date for this year, which I will read. (Reads):

ST. LOUIS, MO., *November 10.*

MARION E. RHODES,
Care WILLIAM K. PAYNE,
Clerk Ways and Means Committee, House of Representatives, Washington, D. C.

Imports barytes, first twenty-seven weeks, 15,000 tons; next eighteen weeks, 5,200 tons.

POINT MINING AND MILLING COMPANY.

That makes the total importations 20,200 tons to date.

Mr. DALZELL. Where are these importations from?

Mr. RHODES. Germany chiefly, and Newfoundland.

Mr. GAINES. How do you account for the recent increase in the importations?

Mr. RHODES. Well, I account for it in this way: The importer is able to sell the European product in New York and other eastern markets, I am told, at about $6 per ton. Our freight rate from St. Louis to these ports is $4 a ton, and there never was a time in the State of Missouri when the miner, the man who uses the pick and the shovel, could go down into the mines and dig this mining substance from the earth and prepare it for use in the mills for less than $3 a ton and make more than 75 cents a day; in other words, we are now and have been on a starvation basis so far as the mining of this article is concerned.

Mr. UNDERWOOD. Can you state in that connection where the principal market for the Missouri product is?

Mr. RHODES. I am speaking with respect to the producer, not with respect to the manufacturer, and I am not prepared, Mr. Underwood, to go into that phase of the question. I came here representing the man who uses the pick and the shovel, the man who owns the land from which it is mined.

Mr. UNDERWOOD. The material part of the question is where you sell your product; as to whether a large proportion is sold on the eastern seaboard or whether you sell it in the interior.

Mr. RHODES. I assume that this commodity simply makes its way in the commercial world as do other commodities, some of course seeking the seaboard markets and some the interior.

Mr. UNDERWOOD. Are there not a number of manufacturers who consume this product in the State of Missouri?

Mr. RHODES. There are perhaps some, yes; but a decidedly small percentage.

Mr. POU. Where did you sell the product of the mine you represent, last year?

Mr. RHODES. We sold our product to the Point Mining and Milling Company, which is one of the three manufactories of barium produced in Missouri, and we sold our article at an average price of $5 a ton.

Mr. UNDERWOOD. What is the freight rate from the mines to that factory?

Mr. RHODES. Our price was made to the manufacturer f. o. b., so I do not know. That is the price for which we sold the article to the manufacturer; but in order that we may save time, I wish to say that there are those present this morning who represent the manufacturers, and from those gentlemen you can obtain more scientific and specific information. I simply come here representing the man who owns the land from which it is mined, and whose mines are absolutely unproductive to-day; representing the man who uses the pick and the shovel, and who can not sell a pound of barytes in Missouri.

The CHAIRMAN. When you speak of the price, that is the price of the barytes earth taken from the mine?

Mr. RHODES. That is the price. I hope the committee will bear that in mind in all that I say, and in all that others say who come after me. They will perhaps speak of a price of 12½ or 15 or 20 or 30 cents. But those prices will apply to barium sulphate, which is the ground ore, and the precipitated barium compounds, which are not manufactured in this country, I am sorry to say, and whcih are of some considerable value, perhaps $25 a ton. (Reads):

We have on railroad platforms in Washington County at the various shipping points approximately 10,000 tons, or 20,000,000 pounds. And at present we can not sell a pound of crude ore, with several hundred unemployed miners, who need employment. I have personal knowledge of the situation because I am interested in the mining of barytes.

Under those distressing circumstances the foreign product certainly should not be admitted at so low a rate of duty into the United States. The more barytes there is admitted into our country now the longer the American manufacturer and the American miner will have to wait for a demand for the home product. There is a diminutive duty of 75 cents per ton on the crude ore (think of it, 75 cents per ton) and $5.25 per ton on the manufactured, except the precipitated compounds. We had as well have none.

When I was in Congress I introduced a bill in the Fifty-ninth Congress which sought to fix a specific duty of $5 a ton on crude ore,

because I believed at that time that that would give us ample protection.

The CHAIRMAN. How much would a man take out in a day from a mine on an average?

Mr. RHODES. On an average about 900 pounds a day.

The CHAIRMAN. Not quite half a ton?

Mr. RHODES. No.

The CHAIRMAN. Now, Mr. Rhodes, how long has this condition that you speak of existed. You say that the mines are being closed down, and all that sort of thing.

Mr. RHODES. That is a fact.

The CHAIRMAN. How long has that condition of things existed?

Mr. RHODES. The closing down of the mines—the last day's work we did in our mines was in the month of November, 1907. It has been closed a year.

The CHAIRMAN. Was there any change in the physical conditions; in the way in which this substance could be gotten out?

Mr. RHODES. Not a bit on earth.

The CHAIRMAN. Was there any more labor required; did it cost more to get it out?

Mr. RHODES. That was not the trouble. The trouble was that we could not sell it. For your information, I will state——

The CHAIRMAN. Excuse me, but I want to ask a question right at that point. I want to know whether, prior to November, 1907, the mines were going along fairly well?

Mr. RHODES. We thought we were doing finely.

The CHAIRMAN. All the time?

Mr. RHODES. Yes, sir.

The CHAIRMAN. It appears from the government reports, beginning with 1894, that this unmanufactured barytes, including barytes earth——

Mr. RHODES. That is barytes.

The CHAIRMAN (continuing). That the price varied from \$2.19 to \$7.04, \$3.25, \$7.61, \$3.35, \$1.96, \$1.60, \$3.90, \$2.51, \$3.80, \$4.34, \$3.49, \$3.92, \$4.58, and \$3.58. During that entire period from 1894 down to 1907, comparing year by year the importing price of that article, how do you explain the difference?

Mr. RHODES. Do you mean the fluctuation of prices?

The CHAIRMAN. Is not your difficulty more with the loss of business and the suspension of building operations than from the lack of protection?

Mr. RHODES. That was a contributory cause; it contributed to it. There is no question but what that condition of things contributed to our present situation.

The CHAIRMAN. The market on the foreign articles does not seem to have affected the price.

Mr. RHODES. Well, from the standpoint of protecting the American industries, I assume it is a fact that the more they import the longer will be our wait before a resumption of operation. We carried Missouri for Taft on that theory in the last election.

The CHAIRMAN. It takes more labor to mine a ton of this material than of coal, does it?

Mr. RHODES. I assume, Mr. Chairman, that it is much more cheaply mined, for the reason that barytes is found free in the clay, and it is

deposited from the grass roots down to the depth of 6 or 8 feet. Now, the fact of the business is, this process of mining is the cheapest process in the world that I have ever heard anything about, because the only capital invested, so far as the mine is concerned, is that for the purchase of the pick and shovel; and because of the cheapness of the article we have never been able to mine it to any considerable depth. In our mines in Washington County we seldom dig it out as deep as 15 feet. For instance, two men will go out in the mine with pick and shovel and sink a shaft perhaps 8 or 10 feet deep. They do not even find it sufficiently profitable to buy a windlass and rope and tub and put it in the shaft.

The CHAIRMAN. Do you manufacture it there at the mines, or at one of the mines?

Mr. RHODES. We have three plants in Missouri, one of which is at Mineral Point, which is 4 miles from my plant, and in the heart of the great barytes producing district in the United States. There are two plants in St. Louis.

The CHAIRMAN. What proportion of the product in Missouri do you manufacture in that State, of that mined?

Mr. RHODES. I am not prepared to answer that question, because I am not familiar with the process of manufacture.

The CHAIRMAN. I am only asking for information.

Mr. RHODES. There are gentlemen here who will be glad to answer that question.

Mr. POU. I would like to ask if the duty of $5 that you advocate would be prohibitory.

Mr. RHODES. It would not; no, sir.

Mr. NEEDHAM. I understood you to say that you got along fine up to last November, and even prior to that time, upon the duty as it now stands.

Mr. RHODES. I was speaking with reference to the year 1907. I did not mean to say that for all the days that came and went during the years prior to 1907 we had gotten along fine, because I understand from a study of the history of the industry that we have had our periods of depressed activity, just as any other industry in the commercial world has had. We have prospered and suffered at intervals. But 1907 was the greatest year in the history of our business, and that is an index to the great production of the article, in 1907, when in that year we produced 89,000 tons. The greatest annual production prior to that time that had been known was only 53,000 tons.

Mr. CRUMPACKER. Where is your market for barytes; in the East or the Mississippi Valley?

Mr. RHODES. With respect to the manufactured goods?

Mr. CRUMPACKER. Yes.

Mr. RHODES. I can not answer that question, because I represent, as I say, the miner, who sells the raw material to the manufacturer.

Mr. CRUMPACKER. Is there a large consumption in the Mississippi Valley?

Mr. RHODES. I think there is a fair percentage of consumption.

Mr. CRUMPACKER. And is your production there under any disadvantage on account of freight rates in supplying the production in the Mississippi Valley?

Mr. RHODES. So far as that is concerned, there is not.

Mr. CRUMPACKER. Since last November there has been no demand for it?

Mr. RHODES. We could not sell it to the manufacturers, and I assume that they could not sell it. They said that they had had their orders canceled.

Mr. CRUMPACKER. No demand?

Mr. RHODES. But yet it was being imported.

Mr. GAINES. In the meantime there was a large increase in the importation?

Mr. RHODES. Certainly. The fact of the business is this, that when I speak of the plants engaged in the manufacture of barium products, I mean plants engaged exclusively in that business. There are hundreds of people using barytes all the time, just as is the gentleman who preceded me. I take it he is a manufacturer of paints. He stated that he used a large quantity of barytes. I was happy to hear him say that he used the American product only, but I take it there are those in the country who are using the foreign product, and we want to supply them, too. Ours is the finest product that the world ever saw. It carries the highest percentage of barium, which is the base of the element, and it contains less iron and less magnesia, and less of the substances which render it difficult to treat.

Mr. GAINES. Did you call attention to the fact that the importations of the unmanufactured barytes was 6,000 tons in 1906 and 12,000 tons in 1907?

Mr. RHODES. My figures represent the total of both manufactured and unmanufactured articles.

Mr. GAINES. And that, in other words, the importations doubled from 1906 to 1907?

Mr. RHODES. That is it exactly.

Mr. GAINES. And the manufactures more than doubled, nearly three times as great, in 1907?

Mr. RHODES. Yes; and I will state this, that I have read very carefully these bulletins published by the Geological Survey, and I see the suggestion offered that if this industry was properly protected it would be one of the most inviting fields to the American manufacturers that the whole country produces or has ever seen. For instance, take the manufacture of the salts, the precipitated articles; they are not manufactured in this country at all, yet I see no reason why they should not be.

Mr. NEEDHAM. What is this product worth per ton at the mine?

Mr. RHODES. We sell ours at $5 a ton. We pay the miner $3. We pay 70 cents a ton for hauling, 10 cents a ton for loading, and 10 cents a ton for weighing, so that we get less than a dollar a ton royalty for the material. That represented the price for which we sold the article when everything was at high water, the high tide, so far as prices were concerned.

Mr. UNDERWOOD. And out of that you made a royalty of a dollar a ton?

Mr. RHODES. We could not get more than 90 cents a ton royalty out of it.

Mr. UNDERWOOD. Why should the royalty be so much in excess of the ordinary royalty on coal or iron?

Mr. RHODES. I am not familiar with that, sir.

Mr. UNDERWOOD. It is simply a dirt that is dug out of the ground, is it not? That is all the product is?

Mr. RHODES. That is all.

Mr. UNDERWOOD. Is it not possible to use steam shovels in handling it, the same as in the handling of ores?

Mr. RHODES. There are those who come to our country from the East with that idea in their minds, and it seems to me that it would be practicable.

Mr. UNDERWOOD. That would greatly reduce the cost of production, would it not?

Mr. RHODES. It ought to; yes.

Mr. LONGWORTH. How is it mined in Germany?

Mr. RHODES. By the same process, and they mine it more cheaply, because of the cheaper wage of labor, and because also of their fine system of water transportation. And, I will add, in connection with what I have said regarding the cost to the importer, that it is brought over here largely as ballast, and for that reason it assists them materially in dumping it on the American market at the low price.

Mr. NEEDHAM. Is it in sacks or barrels?

Mr. RHODES. I see in the Trade Journal it is reported as having been brought in bags and casks.

Mr. BOUTELL. Will you give a list of the mines in the United States in the order of their output, Missouri first?

Mr. RHODES. I can not; but I think that information is available from the Geological Survey, because we are all required at the close of each year to fill out a blank showing how much we have produced in the year.

Mr. BOUTELL. Can you give the location of the other mines in their order where barytes is mined?

Mr. RHODES. Well, Missouri produced more than 50 per cent of the barytes produced in the United States.

Mr. BOUTELL. Where are the other mines located?

Mr. RHODES. The other mines are located in Virginia, West Virginia—about which I presume Mr. Gaines knows something——

Mr. GAINES. No; I think not.

Mr. RHODES. Virginia, West Virginia, Tennessee, North Carolina, and Kentucky.

Mr. BOUTELL. Where are the North Carolina mines located?

Mr. RHODES. I am not prepared to say.

Mr. BOUTELL. Has there ever been any combination on the part of these miners to fix a uniform price for the ore at the mine?

Mr. RHODES. Absolutely none, Mr. Boutell, for the reason that we have been crushed to the earth all these years. We have never had enough enthusiasm to get into such a condition of activity as to consider that phase of the proposition.

Mr. BOUTELL. Can you tell, Mr. Rhodes, what the price of lead zinc ore is at the mines in Missouri?

Mr. RHODES. I can not. I have no connection with the zinc business.

Mr. BOUTELL. I did not know but that you knew.

Mr. RHODES. No; I do not. I take it that that would be more difficult to arrive at, for the reason that the process of mining is different. We have an independent system of mining in the mining

of barytes. There they own their own properties, erect their own plants, and conduct the business on an entirely different basis.

Mr. RANDELL. If the tariff was made $5, what effect would that have upon the price to the consumer?

Mr. RHODES. It would be about one-eighth of 1 per cent, an infinitesimal matter.

Mr. RANDELL. How would that affect you?

Mr. RHODES. It would benefit us in the sum total, so far as our ability to furnish the raw material is concerned.

Mr. RANDELL. If it did not raise the price, how would it affect it?

Mr. RHODES. It would open the door to the sale of all we have on hand.

Mr. LONGWORTH. How about the future supply? Is it unlimited?

Mr. RHODES. Unlimited, we think. I hope I may have the attention of the committee at this point to my response in answer to the question just asked by Mr. Longworth. I was asked in regard to the future supply, and it is a very pertinent question. These barytes have always been so cheap that the area over which it has been mined is a little narrow strip of country up and down the Iron Mountain Railroad; in other words, it has been so cheap that we could not go back 10 or 15 miles to mine it with any degree of success whatever. I can show you virgin fields of the finest quality of barytes that the world has ever seen, untouched and undisturbed, 20 miles from a railroad, in our county. And I, in endeavoring to mine for lead, had a shaft sunk last year, and all the way down, 25 to 30 feet, we continued to find a splendid deposit of barytes, but we did not mine it, and could not afford to do it. As I say, the miner will simply dig a little hole down as deep as the height of his head, and get out what he can by the use of the pick and shovel, then come up on top and go down again, like a wolf.

I am so interested in this matter that I hope that this coming session of Congress, to which we all look forward with such a degree of interest and so much hope, may not come and go without this committee going into this barytes proposition and endeavoring to give us an equitable measure of protection along with the other industries of this great country, because our industry, as sure as I stand before you, is languishing and dying to-day, and we believe, partly at least, on account of a lack of proper protection.

Gentlemen, I thank you very much.

The CHAIRMAN. Mr. Evans's name has been called, Mr. Rhodes; it is upon the same subject.

STATEMENT OF MR. S. M. EVANS, SECRETARY OF THE CAROLINA BARYTES COMPANY, OF MADISON COUNTY, N. C.

Mr. EVANS. Mr. Chairman and gentlemen, the gentleman who has preceded me has given you a concise idea of conditions prevailing in the Missouri mines, where the deposits of this material are practically on the surface. In the Appalachian Range in the United States there are entirely different classes, geologically, of this material, occuring in fissure veins and mined in deep mining. The costs therefore are apt to be different. As a matter of fact it is a little bit cheaper to produce in the Appalachian Range under the best conditions than it is under the best conditions in the Missouri fields.

The bill which Mr. Rhodes introduced a year ago, which called for a $5 a ton duty on crude barytes, was a wise measure, for this reason: The freight rate from St. Louis to the markets which consume barium is $4.60 per ton, net. The freight rate from the Appalachian range where barytes is produced will average from $5 down to $3.50. The crude barium marketed in New York has been for the past year, and indeed in 1907 and 1906 as well, a matter of $6 to $6.80 a ton. Mr. Rhodes has explained the cost of production in Missouri as $5 a ton, including royalty. His freight rate is $4.60 a ton, which makes it $9.60 a ton to him shipped f. o. b. to New York, where the largest tonnage of crude barium is consumed.

It is to my personal knowledge that the Germans have been supplying by far the greater bulk of this material. Some barium is mined in the Tennessee district of the Appalachian range, and is brought to New York by a chemical house which owns its own deposits in Tennessee. I believe they are the only shippers of crude barium to commercial houses of the East. In Madison County, N. C., in the last five years there have been two failures in the industry. In the industry in the Appalachian range in the last five years there have been four failures or suspensions, and there is one other that appears to be in doubt at this minute. The company that I am interested in started five years ago with the best technical staff, and in that time it has paid an average of 2 per cent a year in dividends. Had it been hungry for dividends, it, too, would have had to stop.

Wages in the industry in western North Carolina have increased in the last five years. I speak now with reference to my own company. The wages have increased from the average of 75 cents and $1 a day to an average of $1.25 a day to $3.50 a day. Instead of living in log huts, the people within a radius of 10 miles of our mill now have decent homes to live in. Instead of two months' school we have six months' school, and the general manager of our company is practically a member of the school board as well as chairman of the Republican county committee. [Laughter.]

Mr. Pou. Mr. Evans, how many laborers do all of these mines in Madison County employ when they are in operation?

Mr. Evans. I am very glad you brought that up, although I am unable to give you the precise figure. We have in the past year been operating only one mine, and we employ 98 men to-day. That, however, includes 25 men who are operating in our own mill. We mine and run the mill ourselves, practically.

Mr. Pou. Of what extent is this deposit in North Carolina. Is there a great deal of it?

Mr. Evans. A very great deal of it. I happen to know of it within a radius of 20 miles of the point where we are mining. I have personally visited no less than 30 different veins which are apparent on the surface within a radius of less than 30 miles of our point. And, by the way, these deposits extend down into north Alabama and north Georgia and into Tennessee. In Tennessee and in north Georgia and in Alabama the deposits are numerous. I do not know whether you gentlemen are interested in the geology of this thing or not.

The Chairman. Mr. Evans, what does it cost to produce this barytes at the mine?

Mr. EVANS. It costs us, net, on the basis of 10,000 tons a year, $3 a ton.

The CHAIRMAN. How much duty do you think there ought to be on it?

Mr. EVANS. That is, without interest on the money, or without royalty in case the land is leased and not owned?

The CHAIRMAN. That is the labor cost.

Mr. EVANS. Yes.

The CHAIRMAN. How much duty do you think should be on it?

Mr. EVANS. With a duty of $5 a ton on crude ore, the market in New York for crude barium would be open to us.

The CHAIRMAN. That would be a duty of 170 per cent on an article dug out of the earth, with no other labor attached to it.

Mr. EVANS. There is very considerable labor attached to it.

The CHAIRMAN. There is no other cost than labor attached to it?

Mr. EVANS. Yes; there is another cost. It has to be put through a bleaching chemical process in order to take out of it the iron contamination.

The CHAIRMAN. But you are asking for this duty on unmanufactured barytes taken out of the earth, without any bleaching process, or grinding, or anything of the kind.

Mr. EVANS. Manufactured and crude barium differ in this: The one is in coarse form——

The CHAIRMAN. Please commence all over again. You do not seem to have understood me. I want to know what it costs to produce this at the mine.

Mr. EVANS. Three dollars.

The CHAIRMAN. You ask a duty of $5 a ton?

Mr. EVANS. Yes.

The CHAIRMAN. That would be 170 per cent.

Mr. EVANS. Yes. You will understand, please, that crude ore right from the mine is never sold. It is sold in a bleached condition.

The CHAIRMAN. Is it imported in a bleached condition?

Mr. EVANS. Yes, sir.

The CHAIRMAN. Our reports show it is imported, without any process of manufacture, in large quantities.

Mr. DALZELL. Do you call bleached barytes unmanufactured?

Mr. EVANS. If it is not ground; yes.

The CHAIRMAN. Whatever he may call it, the importing officers do not consider it that way.

Mr. POU. Some of us might be disposed to help you get a square deal in this thing if you people are languishing in this industry. I would like to have your idea of what would be a reasonable and proper protection.

Mr. EVANS. Say the market in New York is $6.50, plus the duty at $5 a ton; take our net cost, without royalty, of $3 and add 50 cents a ton for royalty, as prevails down there; then add the $3.50 or $4.50 freight to that, and you will have a price of $8, without profit to us.

Mr. POU. Would the rate of $5 a ton as a practical proposition amount to shutting out all competition with your people from abroad? Would not that be practically prohibitory?

Mr. EVANS. It would be for certain classes of the chemical industry. But you must remember there is no such thing as a combination in this business. There is the strongest kind of competition.

The CHAIRMAN. How long has this condition continued? How long is it since you have made a profit out of it?

Mr. EVANS. Well, a good many people in the industry made a good profit in 1907. In 1906 and 1905 and 1904 nobody made more than a legitimate manufacturer's profit, and in that time they did no business in crude barium.

The CHAIRMAN. In all that time the duty was 75 cents a ton.

Mr. EVANS. Yes; but they did no business in the crude material. The profits that have been made out of this industry have been made out of the manufacturing end of it.

The CHAIRMAN. You grant that the duty was there?

Mr. EVANS. Yes, sir.

Mr. DALZELL. That is, $5.25 a ton.

The CHAIRMAN. The duty on the ground material is $5.25 a ton.

Mr. EVANS. Yes, sir.

The CHAIRMAN. And that, together with 75 cents duty on the crude, was sufficient to give you a fair profit?

Mr. EVANS. The year 1907 did yield a fair profit in the manufactured goods under the $5.25 duty. The Germans are pleased to sell, and do sell, manufactured barytes in New York at from $16 to $20 a ton, depending upon the quality of the material. They pay that $5.25 a ton duty and apparently make money, for they continue to do that.

The CHAIRMAN. You spoke about freights.

Mr. EVANS. Yes.

The CHAIRMAN. The conditions as to freights are what? Have the freight charges increased any during the last two or three years?

Mr. EVANS. No, sir.

The CHAIRMAN. Have the charges changed at all relatively during the last six or eight or ten years on the general product and on your product to get it to market?

Mr. EVANS. The conditions have been generally about the same since 1897, when the tariff went into effect.

The CHAAIRMAN. Why is it that you got along with a duty of 75 cents a ton all along, and now you want a duty of $5?

Mr. EVANS. We do not get along in the crude barium business.

The CHAIRMAN. Of course you do not do it, because you manufacture it and send it off. Is there any waste in the manufacture of it?

Mr. EVANS. Yes.

The CHAIRMAN. Is there considerable waste? What proportion of it?

Mr. EVANS. Never more than 10 per cent, I should say.

The CHAIRMAN. You have factories there sufficient to manufacture your product?

Mr. EVANS. For manufactured barytes I should say there is opportunity——

The CHAIRMAN. Have you ever gone into the market with your crude products?

Mr. EVANS. Yes, sir.

The CHAIRMAN. When?

Mr. EVANS. I have been trying to break into the market for five years, and have never sold more than one carload, and I had to give that away.

The CHAIRMAN. Where did you sell it?

Mr. EVANS. At Newport, Del.

The CHAIRMAN. Where do they get their raw material?

Mr. EVANS. From Germany.

The CHAIRMAN. What you want is to sell your crude products there?

Mr. EVANS. Yes, and if you give it to me you will also give it to three other people in the Appalachian Range.

The CHAIRMAN. If you get a profit on it, I do not see why you do not manufacture it.

Mr. EVANS. There is a limit to what we can manufacture and sell.

Mr. POU. Wages have gone up very materially, have they not?

Mr. EVANS. Yes, sir.

The CHAIRMAN. They have not gone up in the last year, have they?

Mr. EVANS. No, sir; but they have not gone down.

The CHAIRMAN. But they have not gone up in the last year?

Mr. EVANS. No, sir. The question I am more interested in is whether you gentlemen wish to indulge the American manufacturer in the privilege of doing this business or whether you wish to hand it to the Germans. It is a matter of public policy, of course, and we do not presume to advise what ought to be done, but we say we would like to have the privilege.

Mr. UNDERWOOD. How is this produced—like Mr. Rhodes described it, digging it out of the ground? I mean in North Carolina.

Mr. EVANS. In North Carolina the method differs absolutely. We have there fissure veins. We have a mountain side, for instance, and we will get a vein going into the mountain at an angle of 45°. We will sink a shaft on that perhaps 400 or 500 feet deep. At appropriate levels we will drive off tunnels and drift, and we will block out our ore and in due time commence to extract it.

Mr. UNDERWOOD. You mine it as you do coal?

Mr. EVANS. Exactly.

Mr. UNDERWOOD. How do you raise that material out of the ground?

Mr. EVANS. With a steam hoister.

Mr. UNDERWOOD. What do you pay the miner per ton?

Mr. EVANS. We do not pay him by the ton. We pay him by the day; $1.25 for the ordinary shoveler; the driller, the man who handles a compressed-air drill, $1.75.

Mr. UNDERWOOD. How much can a man raise in a day? How much of ore?

Mr. EVANS. I will have to speak collectively, sir. I will say that 50 men in a well-developed mine, connected with the raising alone, ought to raise 30 tons a day But that is a somewhat hazardous answer, because no two mines ever were alike. It depends on the condition in any one mine—the richness of it, the breadth of the vein, and the amount of waste in it.

Mr. UNDERWOOD. I am talking about the general average of mines that come under your experience.

Mr. EVANS. I am giving you there my answer as based on the best mine I ever heard of.

Mr. UNDERWOOD. The miner, then, will raise something over a half a ton on the average?

Mr. EVANS. Yes, sir.

Mr. UNDERWOOD. What is the cost of drying this out? I believe you said a while ago you had to bleach it.

Mr. EVANS. Yes, sir. The material, you understand, gentlemen, is hauled from a mine to a mill. There it is first washed with water. After that it is crushed and broken up into pebble or pea size. Thereupon it is subjected to a treatment of acid, to relieve it of contamination, consisting of the oxides of iron and manganese, as well as the carbonates, sulphates, and oxides of lime.

Mr. UNDERWOOD. That you call bleaching?

Mr. EVANS. Yes, sir.

Mr. UNDERWOOD. What does that cost per ton?

Mr. EVANS. Depending entirely on the nature of the ore; from $1 to $3 a ton.

Mr. UNDERWOOD. From $1 to $3 a ton to bleach it?

Mr. EVANS. Yes, sir.

Mr. UNDERWOOD. Now, for what do you sell your bleached ore, f. o. b. mine, in your neighborhood?

Mr. EVANS. Depending entirely upon market conditions——

Mr. UNDERWOOD. Well, say, before the depression came in 1907.

Mr. EVANS. Well, in 1907 the average price f. o. b. mine was $12 a ton.

Mr. UNDERWOOD. At a cost of $2.50 a ton, then, for mining, an average of——

Mr. EVANS. I believe we said $3 for mining. You are asking me questions as to what one can do, and I have been telling you. But it should be remembered that a man can not operate without other men, and when I said the cost of mining was $3 a ton at our mine that is what I meant, and when I said 50 men could raise 30 tons a day that was right.

Mr. UNDERWOOD. That includes the steam men and miners and your office force?

Mr. EVANS. No; that is another thing. That goes into the mill end of the bill.

Mr. UNDERWOOD. The office force is figured into the bleaching?

Mr. EVANS. No, sir; that is administration, the office force.

Mr. UNDERWOOD. The cost of your mining is $3 and your bleaching is from $1 to $3. What is the average?

Mr. EVANS. Say $1.75.

Mr. UNDERWOOD. What is your office force?

Mr. EVANS. That is bleaching. Then there is another charge in the mill for grinding, packing, weighing, and loading.

Mr. UNDERWOOD. What is that?

Mr. EVANS. Speaking at a hazard and with the reservation that if I am wrong I would like to correct myself, it takes $2.50 a ton to load it in the car in addition to the charges you have there.

Mr. UNDERWOOD. Does that include all the charges?

Mr. EVANS. What have you there?

Mr. UNDERWOOD. Three dollars for mining and $1.75 for bleaching, and the last charge you gave me was $2.50 for grinding and loading, and so on.

Mr. EVANS. Yes.

Mr. UNDERWOOD. Now, your administrative charges.

Mr. EVANS. I have left out something, for I know the administration charge is only $1.50. The gentleman from Missouri [Mr. Rhodes] tells me he has those figures. What I would like to say is——

Mr. UNDERWOOD. The condition of the mines in Missouri is very much different from yours; the cost of mining there is very much less than yours?

Mr. EVANS. Yes, sir.

Mr. RHODES. The process of milling, I assume, is very much the same.

Mr. EVANS. The product, it is fair to say, f. o. b. cars will cost, with the selling expenses and administration, a matter of $11.25 a ton.

Mr. UNDERWOOD. The items you gave me here only figure $8.75, including $1.50 for administration. Where do you get in the balance to run it up to $11.25?

Mr. EVANS. It depends on the number of other mines that you happen to be operating, which costs you more money to mine from. It depends on the amount of prospecting you are doing to keep ahead of the mining cost.

Mr. UNDERWOOD. You are putting in there developments and experiments.

Mr. EVANS. Those, I think you will agree with me, are legitimate charges on the mining products; otherwise the industry would necessarily die. As a miner, you understand no man is justified in running a mine and extracting from it and doing nothing but extracting. If he does not keep ahead of his extraction with his development work he is an injudicious person, to say the least; and if he does not charge up that development to his tons of product he is not a conservative business man.

Mr. UNDERWOOD. Can you file with the committee an itemized statement of the expenses?

Mr. EVANS. I would be very glad to.

Mr. POU. Can you give an idea of the number of men who have been thrown out of employment since the hard times struck you?

Mr. EVANS. Well, sir; I have not fired a man.

Mr. POU. How is that?

Mr. EVANS. I have not discharged anybody.

Mr. POU. I know you have not, but——

Mr. EVANS. There is a plant next to me that has been entirely shut down since the panic struck us. They employed about 35 men. There is a plant in Knoxville that went down in 1906. I should say they employed about 50 men around that plant; and in addition to that, whatever employment the miners have incidentally to furnishing them with ore, necessarily they were out. There is a plant 70 miles north of us that is dead. They probably employed 50 men.

Mr. UNDERWOOD. The real difficulty this industry is laboring under is the same proposition that affects most of the heavy products like coal, iron, and barytes, and that is the freight rate eats you up and prevents you from going into the market with the other fellow, and

the fact that the foreign producer, who is for all practical purposes located on the seashore, can reach our seaboard more cheaply than you can do it with that freight rate; which means that the manufacturer, in order to manufacture his product within a reasonable amount of expense, must come to your mines.

Mr. EVANS. You have struck the thing on the head. The foreign producer of barytes is, in nine cases out of ten, located close to the tide water. He brings his product here in ships, and brings it over as ballast.

Mr. UNDERWOOD. If we put a tax on the raw material at the mine to pay the freight to the seaboard, we would put an enormous cost on the consumer at the seaboard when you are shipping such heavy material as coal and iron and barytes.

Mr. EVANS. I will tell you that $5 a ton is practically equivalent to our freight. Suppose a Mr. Nova Scotian, for instance, or a Mr. German wants to ship crude ore here and pay the tariff. He can do so. The product will go up in price a matter of $2.50 a ton. I speak on the authority of one of them, who so told me. Therefore, if that is true, and I believe that it is, the price of that commodity in this country would not advance more than $2.50 a ton.

Mr. UNDERWOOD. You are trying to extend the zone of your natural freight rate by a tariff wall that will let you go further than you ordinarily could go.

Mr. EVANS. I assume that our natural zone extends in the United States to those points which consume the materials which we mine. It seems to me that it is fair to say that New York and Philadelphia and Delaware and Baltimore are proper markets for both the Appalachian and Missouri miners.

Mr. UNDERWOOD. Is it true that in the case of heavy materials, where the freight rates amount to so much more than with the other materials, the solution of that problem is for the manufacturing plant to come to the raw material and solve the freight problem in that way?

Mr. EVANS. Yes; but the pressure of freight on finished products then becomes so onerous that the foreign manufacturers of chemicals can import and pay the duty, and triumph.

Mr UNDERWOOD. Are you not mistaken in that? Is not the cost in proportion to every finished product very much less than the cost on this raw material? In other words, if you had a finished product made of barytes and shipped it from North Carolina to New York would not the value of that product be very materially lower than it is with respect to the value of your product?

Mr. EVANS. No, sir. Take a chemical manufacturer; as a rule he makes dozens of chemical combinations—acids, and alkalies, and so on. Barium, for instance, he buys, and makes barium chlorine and chloride, and so on. Those are the small concerns connected with the things he makes. He does that because he has cheap muriatic acid and cheap sulphuric acid. Let him come down to our mines for the raw materials for his plant, and he would have to pay freight that would put him out of his business. Those gentlemen are where they are because they have to be, and the question is whether we are going to be permitted to furnish them with one of the raw materials or whether we had better encourage the Germans and the Nova Scotians in furnishing them.

Mr. UNDERWOOD. In other words, according to your contention, you can not assemble all the raw materials there in North Carolina, and you have to carry a portion a long distance anyhow?

Mr. EVANS. Yes, sir; and the raw material is the least portion.

Mr. DALZELL. This bleaching process, as I understand it, is for the purpose of eliminating some of the elements?

Mr. EVANS. Yes, sir.

Mr. DALZELL. Are they waste, or do they amount to anything?

Mr. EVANS. They are waste.

Mr. DALZELL. They do not amount to anything at all?

Mr. EVANS. No; except in the case of hydrochloric acid, which is a proposition that we hope to develop, but which has not yet been developed, however. One gentleman in the Appalachian Range is doing that and is trying to get a revenue out of it.

Mr. DALZELL. There is no valuable by-product resulting from the bleaching process?

Mr. EVANS. No, sir.

STATEMENT OF MR. CHARLES J. STAPLES, OF BUFFALO, N. Y., REPRESENTING INVESTORS IN BARYTES LANDS.

Mr. STAPLES. Mr. Chairman and gentlemen of the committee, my interests are entirely those of investments in barytes land and the digging crude barytes. I know from such view point, from personal experience, that no money has been made in barytes land as an investment, and the problem I have is, I fancy, somewhat in the nature of your problem. I know just what the trouble is in that connection. I have done the best I could to see what the fault is with this barium business, and offhand it would appear that profits should be made from the digging of barytes. The land is not expensive land, and the price of the finished product, or even of the crude barytes, is such that one would figure a margin of profit. From experience we have found that this is not the case, and we have, in the most practical manner known, been attempting to dig this barytes and to sell it. I failed, after carefully seeking the experience of others, to find a single case where people have invested money in barytes land and been able to get back anything like the legal interest on their money.

Now, at first I thought that the fault lay with the people who bought the crude barytes from us, and I have a few facts here which I will be glad to submit for all they are worth. I have tried to substantiate them, and I find that that is not the case, that the predicament of the manufacturers of barytes is similar to our own.

First, as to the experience of practical companies, this is what they have done: I have gone back over a few years, and, from the companies which I have been able to know something about, I find this experience. I have been able to get some of the facts with reference to 13 companies—an unlucky number—and I find that of those companies which were in business, say, since or about the time of 1897, six have become defunct, the failure in each case being the reason, going through the hands of receivers usually. I find also that there are at the present time about seven companies manufacturing barytes. The best reports I can get from those people are to this effect, that out of those seven companies now doing business none have been able

to earn a dividend greater than 2 per cent. I find an instance where one company earned a dividend of 2 per cent on one occasion, and of those other companies, the other six, I find that no dividend had ever been declared in their history, nor earned, with the exception of one of the six, which in a history of twenty years declared one dividend.

Now, this is a matter which has been considered before your committee for a long time. I did not know definitely how well it was considered until to-day, when I went and examined the record of hearings previous to this time on this subject of barytes, and I found that in 1897 Mr. Dingee made a very prophetic statement before your committee when the tariff on barytes was being discussed. He said:

Unless we have a higher tariff than now in effect we shall have to go out of business entirely—the last three years having demonstrated, without the shadow of a doubt, our utter inability under the existing tariff to maintain our business.

Now, that Mr. Dingee, with his firm, who I find had appeared also in 1903, trying to get protection for this industry—this firm which he was trying to protect at that time did, as a matter of fact, under the present conditions go out of business in April, 1902, for the reason that they could not compete. I know, from my own experience, too, that the only other set of men affected outside the manufacturer and the people who own the land and are trying to make the interest money out of them, and the laborers—and I have taken the pains to see what they make—the experience of people whom I have talked with is not as good as that expressed a few moments ago. The best conclusion I can come to is that, taking the season in and out, a man digging barytes can not average better than a ton in three days. If this be so, from the prices paid you will see that the wages paid to the miners will be somewhere between 40 cents and $1.

Mr. Underwood. What territory is your experience in?

Mr. Staples. My personal experience is entirely in Missouri.

Now, it can be seen at once that when labor is paid 40 cents—and I have reason to believe in several instances it is much less; in fact I found this, last week, in examining conditions, that no wages at all having been earned, the companies who have tried to hold the laborers are at a loss and have been giving groceries in lieu of cash, and so on, and with this result, that the mines themselves, with the natural resources which we have—which would be admitted to be valuable by any fair man who has looked into the subject—these resources are being handled in a very crude manner. The labor is not efficient; the labor is not properly paid. We want to pay the laborers more in order to get efficient service. We have got to pay them more.

And, to answer a question one of your committee asked a few moments ago of one of the men as to this labor, whether they were getting any more or less now—I think it was Mr. Payne—when you get a man working for 40 cents a day or 50 cents a day, of course whenever there is the slightest opportunity to get another kind of work, which occasionally comes, they will leave this digging of barytes and go to other kinds of work.

Another question, with reference to the cost, and the use of various scoops, and so forth. It seems reasonable that the people who own these properties should go about it in a better way. Some of my

associates have lost heavily. You can not mine barytes in Missouri in that way. It is scattered over too large a section.

Now, I have heard several questions asked, the purpose of which was very evident to me: What duty should you give? What ought we to have in order to protect this barytes industry? And you have been asking questions, trying to get figures, so as to come to that conclusion, and we can not consistently come before you without having some facts in that connection. I have tried to verify some few figures, but it is difficult to verify them because the conditions are so different and the classes of people who have been employed in this industry are such that it is hard to give definite data as to labor and as to the cost of material, because so many factors come in, and this is what I found: I found, with reference to the crude barytes, first, What duty ought we to have on our crude barytes? That is a question of mathematics. I will give you the figures here that I have without suggesting what that duty should be. That duty should be according to what you intend to do.

Here we are in Missouri; we have not any market except that within a radius of 50 miles. That is not the best market. We would like to have the seaports. We believe we have a right to that. We believe that the benefit to the transportation companies and to ourselves to compete on an equal basis with the Germans in New York is a thing we ought to have. I believe that. What will that mean? My figures will be a little bit different, but these are what I have: The cost of crude barytes, on a fair average, delivered onto the car in the territory discussed in Missouri is $5. The freight to New York is $4.65, and, according to my calculation, that makes $9.65 delivered in New York City. That price is a starvation price. It does not give a profit, a proper profit, as I will show you, to the labor men. It means 40 cents or 50 cents or 60 cents a day to these families. It does not give a profit to the landowners unless you call a royalty a profit, and our experience has been thus far that what you might call a royalty is squandered in finding places to dig for barium.

Now, I have stated that this is a starvation price, this $5. Let me analyze that $5 for you. Say that we allow, as a fair sum for the royalty, $1 a ton on the tiff—that is, the depreciation of these resources, or any other terms you use, on the price you pay for the leased land.

Mr. Underwood. Is not that a high royalty—a dollar a ton?

Mr. Staples. I have never leased any on that basis, and to that extent I am going out of my province in order to present this problem in a broad way to you gentlemen. I arrived at that as a fair average from this fact to answer that: Last week I inquired of several landowners who were in a position merely to hold their properties, and therefore not in a position to get it at ruinous prices, what the royalty would be on tiff, and one of them said 25 per cent.

Mr. Underwood. I do not know about barytes, but bituminous coal I do know something about, and a vein of bituminous coal of 5 feet will carry about 5,000 tons to the acre, and a royalty of 10 cents a ton would sell that land at $500 an acre, which would be a very high price in the South. I would like you to give me your figures on barytes along that line.

Mr. Staples. I have not compared it with coal, but I would say offhand, without analyzing my reasons very much, that coal can not

be compared with barytes, because of the conditions in which it is found, the abundance of coal in a pocket in which it is found, and the expense that is connected with doing the excavation work preparatory to mining coal, and so on. All these, I think, would be factors in determining what the cost of the royalty on that coal would be. I can see, if you have a block of continuous structure of coal, that 8 cents or 10 cents would be a fair price; but how is it when it is separated, like barytes? I do not intend, however, to attempt to answer your question.

Mr. UNDERWOOD. My endeavor is to get information along that line. At present, on the surface, that $1 royalty seems high.

The CHAIRMAN. Do any of these mining companies own their own mines?

Mr. STAPLES. Yes, sir.

The CHAIRMAN. What proportion of them?

Mr. STAPLES. I do not know.

The CHAIRMAN. Well, is it the greater proportion of them?

Mr. STAPLES. How is that?

Mr. RHODES. With the permission of the chairman, I beg to say that all of them in Missouri; there is no manufacturer who owns the mine.

The CHAIRMAN. I mean the people who do the mining and sell the manufactured product. What proportion of them own their mine?

Mr. RHODES. All of them.

The CHAIRMAN. Then this royalty comes to the company?

Mr. STAPLES. It is for the depletion of their lands ordinarily. My basis of $1 is merely going out to see other people, to see what they would lease for.

The CHAIRMAN. How much do they pay for these lands when they buy them?

Mr. STAPLES. I should say $30.

The CHAIRMAN. How many tons, on the average, do they take out of an acre of land? Have you figured on that?

Mr. STAPLES. No, sir.

The CHAIRMAN. Some acres, I suppose, would produce thousands of tons?

Mr. STAPLES. No, sir. I will submit more particular data on this subject later on, if your committee would like. It would be guesswork for me to do it now. I did estimate in a rough way that from the tons that would be taken from, say, two or three thousand acres, and the price of that acreage, together with the expenses in doing exploration work, the person would not be whole for his finished price on that expense at anything less than a dollar. That would answer it. If you would like, I will get further data.

The CHAIRMAN. Oh, I do not care about the data. I was trying to find out whether you were endeavoring to persuade this committee that the barytes producers should increase their holdings up into the hundreds of thousands by a protective tariff. If not, I do not see what bearing the royalty of 50 cents a ton has on it.

Mr. UNDERWOOD. A dollar a ton.

The CHAIRMAN. He puts it at a dollar. Others put it at 50 cents. The figures do not seem to be exactly the same.

Mr. STAPLES. Just granting, for the sake of the argument, this dollar on royalty or the depletion of land, a fair estimate for the hauling

expense of the barium after it is dug out of the holes I would estimate to be 70 cents. This is drawn at various distances. Mr. Rhodes could give you more particular instances, if you wish to go into the 70 cents, and how we arrive at that. That is our estimate. We find it costs 10 cents for weighing, for loading 10 cents, and on the average to handle this ton of ore, on account of lack of cars or on ancount of putting it on the platform, the average would be about 75 cents a ton. Add to that the probable average cost of the process of going down into the hole and digging the barytes up, $2 a ton, which you see is consistent, between 40 cents and $1, you will have there $4.65. That is an estimate. Then the washing will cost about 50 cents, the cleaning of this barytes. Therefore our $5, which we take as the cost of barytes on the car, is about 15 cents less than our experience has been. There has, as a matter of fact, been a loss, a great loss, in this process.

Now, as to the duty that we seek. In order to know what we can do in New York with this barytes, and what duty we ought to have, it seems to me we ought to know how much it will cost to produce this stuff in Germany and ship it over here. The chairman asked a short time ago, I think, how the speaker could explain the variation in the selling price of crude barytes imported into New York from something like $3.50 up to $9, when the conditions in this country were practically the same. It does seem to me that we have the facts represented here in this connection to show how that can be done arbitrarily, without affecting our market, because we are excluded from this seaboard market on account of the freight expenses which you mentioned. Now, the cost in Germany, we estimated from the experience of practical men, to produce this barytes would be about $2 per ton. The people who gave me this information went into the manner of handling the barytes and the cheapness of it as compared with our barytes, in that it did not have to be bleached to the same extent and other things that I did not understand, and I have tried to verify as best I could for your information these facts regarding this $2, and I find this morning, by referring to the United States tariff hearings of 1897, page 103, that it was estimated that the cost per ton of crude barytes in Germany—the report was made in reference to the barytes of a particular district there, the Hartz Mountains—to be $2.58 as a total valuation of unmanufactured barytes in Germany.

Mr. Underwood. That did not include the royalty in Germany?

Mr. Staples. That was the valuation of the material delivered ready for shipment in Germany.

Mr. Longworth. Do you mean at the mines?

Mr. Staples. Not at the mines; at the seaport towns. That includes the rate from the mines to the seaport town ready for shipment to America.

Now, I believe our estimate of $2 as the cost of production, or rather of the value of that, should be compared with our $5 here, because there is a space of transportation from the mine to the seaport point of shipment.

Mr. Boutell. Are you quite sure that figure covers the German freights? The freights from the Hartz Mountains are very high.

Mr. Staples. No, sir; I will add it.

Mr. Boutell. I understood you to say it is included.

Mr. STAPLES. It does include it from the mine to the point in Germany whence this is shipped, as I understand it.

Mr. BOUTELL. I asked if you are positive about that, because the freight rate from the Hartz Mountains to any seaport in Germany is very high—Bremen or Hamburg.

Mr. STAPLES. I am not sure. In fact, the only method of approximating my figures to be found by me has been this figure, $2.78. I think it is within reason to allow $1 in this discussion. Give me a leeway of a dollar on the cost of foreign barytes.

Mr. UNDERWOOD. Do you know the distance between the Hartz Mountains and the seaboard?

Mr. STAPLES. No, sir. I tried to get that for you, too, but I could not. I will submit a further brief, if you wish, upon these things.

The CHAIRMAN. Did you find out how much the laborers mine in Germany?

Mr. STAPLES. This morning I have been with the departments over here trying hard to get this information, and they have books promised for me this afternoon. The best I can get for that is the average price of the cheapest kind of day labor over there, as compared with our cheapest kind of day labor. It requires the cheapest kind of labor to profitably handle this barium. I think I can find directly from authorities in time for your committee to act upon it what that rate will be, but I think I can conservatively say that the labor wage in Germany for the cheapest kind of labor is about one-half what it is in this country.

The CHAIRMAN. I was not asking that, but I was asking how much one of these men could mine. This work is done with a pick and shovel, is it not?

Mr. STAPLES. Yes. I should think that our Americans could mine as much as they. It is done with a pick and shovel, and by going down into a hole and throwing the mineral up.

The CHAIRMAN. How deep?

Mr. STAPLES. I can not say exactly. On account of the expense which the companies can not go to, under the conditions, they usually dig down to the place where they can throw it out with a shovel.

The CHAIRMAN. Do they uncover it?

Mr. STAPLES. They dig a hole about as big as this table, and take off the top surface, and go down to a depth where they can throw it up.

The CHAIRMAN. Do you mean to say that there is any labor in the United States with pick and shovel that can not do more than a third of a ton in a day? It would be about a third of a cubic yard a day.

Mr. STAPLES. That would be so. They could take more than that, provided it was a continuous layer of barytes. But this comes in little pockets, little deposits. Here [indicating] is a hole where you can dig barytes——

The CHAIRMAN. How large a hole is this?

Mr. STAPLES. Big enough for one man to work in.

Mr. RHODES. About 3 feet in diameter.

The CHAIRMAN. There are some large and some small holes, are there not?

Mr. STAPLES. Yes.

The CHAIRMAN. You say a third of a ton, and Mr. Rhodes said 900 pounds, and the other gentleman, from South Carolina, said half a ton, on the average.

Mr. STAPLES. That is a difference of 200 pounds.

The CHAIRMAN. I am trying to find out how much a man can get out—an ordinary able-bodied laborer.

Mr. STAPLES. In answer to that question, I should say that the time required to uncover the holes and the scattered condition of this barytes, together with the difficulties of a man after he gets down a little way shoveling it out, makes it vary.

The CHAIRMAN. It is all near the surface?

Mr. STAPLES. You have to go down about 2 feet on the average.

Mr. RHODES. As a rule, yes.

Mr. STAPLES. Now, I left those figures right in the air, so to speak. This barytes has been shipped over, as was said before, probably, in the form of ballast, and, as I understand it, they wait for the convenience of ships seeking ballast. Sometimes this is brought over for the mere nominal expense of loading it in instead of loading in rocks and other stuff that would be fitted for ballast. I have evidence that some has been brought over as cheaply as 20 cents a ton. I have found some other indications, where they insisted upon prompter delivery and paid as high as $2 a ton. I have not any more accurate data than that, but I believe you will find upon investigation that the fair cost of shipping that barytes from the seaport town to New York is about 50 cents.

Now, I understand that the present duty is about 75 cents. Is that adequate? If you will add the 75 cents to the amount that the barytes cost on the German seaboard, $2.50 for shipment to New York, the total cost for the German barytes in New York City is $3.25. What is the total cost to deliver our barytes to New York City? It is $9.65. Therefore the German barytes might fluctuate between $3.25 and $9.65 without being affected by our market at all. As a matter of fact, if the German barytes is sold in New York City at $9.65 a profit is made by the Germans of something better than $6, whereas the American barytes breaks even at this starvation wage.

I believe that an investigation of these facts will show you that an advance, in benefit of the labor and of the owner of the mines, could well be given to the ton of at least $1.50. If so, you would be in a position to sell crude barytes, considering the wages and the amount of it that you would produce, delivered in New York, at $11.50.

Mr. CRUMPACKER. How cheaply can the Germans deliver it in New York City?

Mr. STAPLES. They can deliver it in New York City at the present time for $3.25.

Mr. CRUMPACKER. Then you propose a tariff that would necessitate an increase of the price to $11.50.

Mr. STAPLES. Yes, sir.

Mr. CRUMPACKER. That would be a permanent increase as long as labor and freight are as high as they are now. It would mean a permanent increase to the consumer.

Mr. STAPLES. To the consumer of the barytes. I understand that at the present time the Germans are charging from $9 to $12.

Mr. CRUMPACKER. I understood you to say a moment ago they delivered it for about $6 a ton in New York.

Mr. STAPLES. It is better than that.

Mr. CRUMPACKER. Then, why do not the American producers go to Germany and go into the business?

Mr. STAPLES. That would be the only way to make money out of it.

Mr. CRUMPACKER. Is Germany the only country that exports to this country?

Mr. STAPLES. Germany is the principal country. I understand that Canada ships in some, but it would not be counted in competition.

I will read from the British Diplomatic and Consular Report No. 7821. In speaking of the amount of barytes mined over there it says:

> Barytes is found principally in the Hartz Mountains. There is a prospect that in the early future a trade in this article will be largely developed.

From the superficial investigation which I have been able to make, I find that the producers of barytes have a chance to make money in Germany, because they have a freight of only about 50 cents.

Mr. LONGWORTH. Have you the various items that go to make up the cost of the delivery at seaboard of this German barytes?

Mr. STAPLES. I tried to get that, but I could not. On the line that I referred to I think it costs $2.78.

Mr. LONGWORTH. Does that include the freight rate?

Mr. STAPLES. I think so. I have read from page 104 of the first volume of the minutes of the hearing of 1897.

The CHAIRMAN. Inasmuch as you have given the cost of barytes at the seaboard, it seems to me it is absolutely essential that we should know what is the cost of the freight rate from Germany.

Mr. STAPLES. I am not able to state it any better than I have.

Mr. LONGWORTH. Can you ascertain that?

Mr. STAPLES. I have been promised a report this afternoon. In Germany they have only a twelve-hour run to the seaboard, and the general freight rates in Germany are higher than they are in America.

There is another thing to which I wish to call particular attention, and that is with reference to the 50-cent rate on barytes in this country. It is about the same rate as pig iron in this country when it goes as ballast.

The CHAIRMAN. Does it go as ballast?

Mr. STAPLES. It is handled as ballast.

The CHAIRMAN. The freight rate on pig iron as ballast is about $1.25.

Mr. RANDELL. I do not want to contradict the gentleman; but I think if he is not sure of his statement, we should have better data.

Mr. STAPLES. I will endeavor to ascertain what the freight rate is. I will also try to ascertain what it will cost to send it across this country. I hope that the committee will take this $2 into consideration in their estimate of the proper duties. If that is done, it will be absolutely satisfactory to the producers of crude barytes in this country. With a duty of 75 cents, the American producer of barytes is discriminated against at least to the extent of $6. Now, if you should put on a tariff of $5 per ton—which I think was proposed in the different bills since the last reduction—I believe that you will find that the cost to the Germans will be only $7.50 to $10 with a

duty of $5 per ton. We must have a tariff of $11.15 in order to compete with them.

I was going to ask the toleration of the committee to go into the question of the manufactured product. I have been speaking of crude barytes, or the natural earth. All of my argument has been in reference to that. It has to be added to the freight of the barytes earth between the East and the deposits in the Appalachian Mountains.

The CHAIRMAN. Are you referring to the price or the freight rate?

Mr. STAPLES. I never had occasion to ship from the Appalachians.

The CHAIRMAN. You have been speaking along that line.

Mr. STAPLES. I have never investigated that particularly.

The CHAIRMAN. You have derived your information from others?

Mr. STAPLES. I have derived it from my own investigation and from my experience.

The CHAIRMAN. Are you a practical miner?

Mr. STAPLES. No, sir.

The CHAIRMAN. Do you live near the barytes mines?

Mr. STAPLES. Yes.

The CHAIRMAN. You rely on information from other people?

Mr. STAPLES. Well, I have been in contact with the trial balance.

The CHAIRMAN. You were speaking of the general results of the mines of the United States, and all that sort of thing.

Mr. STAPLES. I have not referred to the amount of tons mined at all.

The CHAIRMAN. Not as to how many tons. I have not said anything of that kind myself, but you were speaking of the cost of mining.

Mr. STAPLES. What is the question?

The CHAIRMAN. Are you speaking of information of your own knowledge?

Mr. STAPLES. I am speaking of my own knowledge and from the knowledge derived from speaking with other people. I am informed, so far as my own interest is concerned. I have gotten data from the government's reports and from practical men.

The CHAIRMAN. Outside of the freight rate, would you need a protective tariff in order to meet the competition of the German people in the New York market?

Mr. LONGWORTH. Let him speak about the freight rate again.

Mr. STAPLES. Mr. Nulsen said that the freight rate was $4 from North Carolina to St. Louis.

The CHAIRMAN. I am inclined to think you had better get after the Interstate Commerce Commission, and let them give you a better freight rate.

Mr. BOUTELL. You have quoted Mr. Dingee's argument in 1897. Did not Mr. Dingee get what he contended for at that time?

Mr. STAPLES. I think not.

Mr. BOUTELL. In other words, did he not secure $2.25 on the manufactured product and 75 cents on the crude product?

Mr. STAPLES. I can not say.

Mr. BOUTELL. Did not the rates on barytes satisfy those people at that time?

Mr. STAPLES. I am not able to say as to that.

Mr. BOUTELL. Is there any opposition on the part of the owners of barytes mines on the question of the tariff?

Mr. STAPLES. I think not, but as to the question of the barytes miners and their demands, I do not know. There are those who can speak more authoritatively than I. Perhaps in this connection it would be better for some one else to speak on the question of manufactured barytes.

The CHAIRMAN. We will be willing to have you give us the source of your information.

Mr. STAPLES. The gentlemen are here who gave me my information.

The CHAIRMAN. Will you read your brief or file it?

Mr. STAPLES. I will file it. I would like to have you call these gentlemen, and I will file my brief upon the subject. Mr. Nulsen can proceed with this. My information comes from Mr. Nulsen, of Nulsen & Co., manufacturers of barytes, in St. Louis. Mr. Budeke, of St. Louis, is also here.

STATEMENT OF MR. A. J. NULSEN, OF ST. LOUIS, MO.

Mr. NULSEN. Mr. Chairman and gentlemen of the committee, I think that I am fairly familiar with this, but perhaps some other gentlemen may follow me.

The CHAIRMAN. We have been spending a good deal of time on this subject, and I hope you will be as brief as possible, and at the same time do justice to your argument.

Mr. NULSEN. In regard to this question of royalty, I will say that we are working what is called runs or privileges in the way of removal of the barytes from the mines. In nearly all instances the royalty is $1 per ton, which goes to the owner of the land. That is simply to pay him for the damage to the land. We do not simply go down underneath the ground. We dig the ground full of holes, and it leaves the soil unfit for farming purposes. The land is in such condition that cattle can not be put on it. The land is practically ruined for anything else at all.

The CHAIRMAN. You find the barytes all over the land?

Mr. NULSEN. Yes, sir. We pay them $1 per ton for destroying the land.

Mr. UNDERWOOD. How many tons do you get to the acre?

Mr. NULSEN. I have never mined it myself. We can, however, give you the figures on all of the different parts of the business. We have to pay $1 royalty per ton in Virginia, where we do some mining, which is mining just like coal mining.

The CHAIRMAN. The statement has been made that you own these lands.

Mr. NULSEN. That is not correct. You know that we would not be paying royalty for land if we owned it. We simply pay for the privilege of mining. I want to show why we do not own the land. We would have to have sufficient duties to put a man on at $1.50 a day if we owned the land.

The business is done in this way: A farmer who can spare the time goes down and digs out the tiff, and afterwards his wife and children go and help him. If this takes him a week he does not care. He then takes it and sells it. With such labor we could not

afford to own or work that land. The farmer takes this product and sells it to the storekeeper.

The CHAIRMAN. What does the storekeeper pay for it per ton?

Mr. NULSEN. About $3 per ton, I think.

The CHAIRMAN. That covers royalty, and everything?

Mr. NULSEN. Yes, sir. The miners pay the royalty. It costs $2 or $3 per ton practically to clear up a ton of barytes.

The CHAIRMAN. You have no organized force for that?

Mr. NULSEN. No, sir. That is the reason why we do not own the land. We can buy it cheaper than we can mine it. That covers the royalty and the digging of the tiff. That shows the conditions under which it is done in this country, and we could not hire men for that purpose.

In regard to the question of freight in Germany from the Hartz Mountains, I will say that the Germans are wise in making concessions in the matter of foreign shipment. Their freight rate is about one-half. I think that answers the question as to freight.

Mr. RANDELL. Have you any figures as to freight rates?

Mr. NULSEN. I have shown what the actual charge for bringing barytes across the ocean is. If a ship can not get considerable freight as ballast, it will take any material that it can get. It will take iron or stone and dump the stone into the ocean on this side. The German shipper is wise to have the barytes at the shipping point, so that he can take advantage of these circumstances; and in loading the ship he will take the freight for the handling of it. Of course the German manufacturer will not take orders for specific delivery, because for specific delivery the rate is higher. It is impossible to say exactly what the freight rate is. We have never been able exactly to ascertain that.

The CHAIRMAN. I thought you were speaking of the manufactured product.

Mr. NULSEN. I was answering the questions. The last question on the manufactured product was the question of rates. You made the statement that we ought to take up the question of rates with the Interstate Commerce Commission. Under the present conditions the railroads could not afford to haul the stuff to the seaboard.

The CHAIRMAN. The other gentleman covered the question of rates. Do you desire to speak in reference to the manufactured product? If so, proceed.

Mr. NULSEN. We are to-day protected by about $5.25. We are paying laborers for twelve hours, day and night. Our labor is about $1.60 per day. The manufactured product under this low rate of wages is about even on the present price. It costs for delivery in New York between $16 and $17. We are to-day selling goods in New York at $17.25. This cost of $16 or $17 does not include interest on our investment. If there is a duty placed upon the crude material, so as to raise the rate of wages on the product mined, we would have in turn also to have an increase on the manufactured product, because under the different conditions, the way we figure it—although we can not get the exact figures—but the German barytes in New York is between $8 and $9. With the duty of $9 it is only $14, while the American product costs between $16 and $17 laid down in New York. If you add the cost of the crude product, even then the Germans will take our entire eastern market away from us. There has been a

freight rate from foreign ports of $3.25. There is a case for the Interstate Commerce Commission.

It is important to show you that about 70 per cent of the barytes is shipped into eastern territory to which the Germans have access. The question of the combination raising the price of this finished product has been brought up; but in regard to the cost I think it is simply a question of supply and demand and competition.

One gentleman asked what it would make the cost to the consumer. There are really but two consumers. One is the man who buys it. The real consumer is the man who puts the paint on his house. To him it would be less than 1 cent per gallon on the cost of the earthy material used. You only use a very small proportion of this. He would use 1 cent's worth of barytes and mix it with 70 cents' worth of lead and 65 cents' worth of oil, so that the actual increased cost is only a small percentage of the amount that is ground.

Mr. LONGWORTH. What is the rate from Germany?

Mr. NULSEN. Three dollars and twenty-five cents.

Mr. LONGWORTH. That includes the ocean transportation?

Mr. NULSEN. I do not know. We have never obtained that information. It was put in about two years ago.

Mr. LONGWORTH. Have you heard anything within the last two years?

Mr. NULSEN. They have had information, but they have not attempted to use it. They are not looking for a fight with us.

Mr. GAINES. In what class of paints do they use barytes?

Mr. NULSEN. It has been misbranded, unfortunately, in many instances.

Mr. GAINES. What amount of barytes would go into a gallon of such paint?

Mr. NULSEN. That is a question that I can not answer.

The CHAIRMAN. They mix it with lead and zinc?

Mr. NULSEN. Yes, sir; they mix it with lead and zinc.

Mr. RANDELL. You were speaking a moment ago of the freight rate from New York to St. Louis?

Mr. NULSEN. Yes, sir.

Mr. RANDELL. That does not go up the Mississippi River?

Mr. NULSEN. No, sir.

Mr. GAINES. Recurring to my question of a moment ago, can you give an idea of how much of that barytes goes into a gallon of the finer finished product?

Mr. NULSEN. No, sir. Perhaps some of the other gentlemen can.

Mr. GAINES. You were speaking of the value of the barytes in comparison with the other products, and I thought you would be able to give us some figures.

Mr. NULSEN. I do not know exactly what percentage of it would go into the mixture of paint.

Mr. GAINES. Would it increase the cost to the consumer?

Mr. NULSEN. I do not know, but it would be relatively of small value. They take this material, which is in value 1 cent, and they mix it with other materials of the value of 60 and 70 cents. The increase would be infinitesimal. The best mixture is only about one-third of barytes. They mix 1 pound of barytes to 2 pounds of lead, the lead costing 6½ cents, which makes the whole cost 13 cents. Adding 1 cent's worth of barytes makes it 14 cents. You can there-

fore see that it is a very small proportion, and the price of barytes makes a small difference in the cost of the paint.

(Thereupon, at 1 o'clock, the committee took a recess until 2 o'clock p. m.)

The following statement was filed by W. W. Skiddy, of Stamford, Conn., who appeared before the committee on November 10, 1908:

ADDITIONAL STATEMENT OF W. W. SKIDDY, OF STAMFORD, CONN.

EXTRACTS OF VEGETABLE GROWTH FOR DYEING AND TANNING.

In looking over the printed notes on tariff revision I find in paragraph 20, Schedule A, that in speaking of woods that it is stated "cutting to lengths or in pieces or otherwise reducing in size," which I presume is put in for the purpose of stopping the bringing in of chipped or ground wood, as under the present law of 1897 dyewoods, chipped, have been allowed to enter free by the appraisers in the New York office. All of the wood that comes into this country for purposes of extracting, either for dyes or tannin, has to be cut in various lengths, as when the tree is cut down it is necessary to cut it up to enable the shipping of the same, and, in fact, it has to be cut sometimes in quite short pieces to enable them to transport it from the interior, where it is cut, through the woods or the bush, to the tide water for shipping, so much so that some dyewoods that come to this market are cut in such small pieces in order to enable the donkeys to carry it on their backs through the woods that it is known as "jackass" wood. Of course these pieces are not cut in equal lengths, as it would be were it made for railroad ties, but in various lengths, according to the conditions and circumstances for shipping, and I would offer the suggestion that if the term "chipping in small pieces" was used that it would cover what I believe is the point desired to be gained; but I fear that as it stands it would make endless trouble and litigation, for the reasons that I have given you.

Paragraph 22, on the top of page 35, I also note speaks of extracts of quebracho and of hemlock bark, 1 cent per pound, and as we have had such a tremendous amount of litigation in the efforts to bring in mangrove bark extract as cutch, I would offer the suggestion that the clause read "extracts of quebracho and of hemlock or mangrove barks."

There is another bark known as wattle bark, which, I understand, they have just commenced to make into an extract in India, and unquestionably this would in time be put up as a cutch and the same trouble arise from it as has already been found with the mangrove, but all this difficulty would be avoided if, in mentioning cutch in the free list, it was stated, as I suggested in my first statement, namely, as an extract from the acacia catechu used for dyeing. In the same paragraph, 22, on page 34, I note that extract of nutgalls is left blank, to be placed at a per cent ad valorem. The extract from these nutgalls is simply for tanning purposes, and they contain a very high percentage of tannin, some 60 per cent and over, and should this extract of nutgalls be placed at an ad valorem duty, that would make them come in less than the other tanning extracts,

it would enable the importers, of course, to push this particular extract as against the other extracts for tanning purposes, as they are all used simply for tannic acid or tannin that they produce for the tanning of leather, and if these extracts, like the others for such purpose, could all be at one rate, it would simplify the understanding of the paragraph very much and probably save a great deal of future trouble to the manufacturers of this country.

I note that in paragraph 482, in the free list, that it is quoted from the act of 1897 without any change as yet proposed, and in my first statement I suggested the removing of this paragraph, as I thought it could be well placed with paragraph 548. Of course there may be reasons beyond my knowledge why this should remain, but my objection to it was that I have found in the questions that have arisen since 1897 in the appraisers' office in New York that they make considerable use of this particular paragraph 482, and when a thing has not been specified in actual words they claim that it comes under this particular paragraph and is therefore free, and of course it is absolutely impossible to enumerate every article that is made in any line of manufacture, and this paragraph simply gives them an opportunity to decide adversely to the manufacturer on what might be called a technicality.

I would also call attention again to paragraph 539, with the suggestion I made in my original statement.

Paragraph 542, viz, cutch, as stated in the act of 1897, has probably given more opportunity for litigation than any one clause in the present act. After one of the very longest cases that has ever been known in the appraisers' office in New York, and involving more expert testimony than has ever been given in any one case, the appraisers have decided that mangrove extract could come in free as cutch, because it had been recognized in the trade and commerce as cutch, although during this case the importer admitted, after he was forced to, that this article that he was trying to bring in free was not cutch, but was mangrove extract which was imported and sold as cutch, and therefore commercially known as such; but no tanner would buy cutch unless he knew, in buying it, that it was simply a name given for a purpose and that the article that he was buying was mangrove extract for tanning purposes, nor would the merchant who was trying to sell it attempt to do so without making this explanation.

I have had considerable correspondence with German manufacturers in order to get from them a positive statement, and I finally succeeded in receiving from one of them a letter in which he stated that the article he proposed to sell me was really mangrove extract and that it was so sold in Germany, but in order to have it come in free into the United States it was shipped from there as cutch; otherwise it would have to pay seven-eighths of a cent a pound duty.

I have been in the general line of business that I am now in since 1875, and formerly my company used to sell considerable cutch, but it was the cutch of the acacia catechu, and was sold entirely for textile purposes; but to-day there is so very little used by the textile people that you might really say that it had ceased to be of any use in that particular line; but give the textile people what they have had in the past free, but state it. The true cutch formerly made contained a certain percentage of tannic acid and had an appearance similar to many tanning extracts that are made; and not only can

mangrove extract, but also the extract that they are now starting to make from wattle bark and some others, all be brought in as a cutch, which would bring them in free when they should pay seven-eighths of a cent duty, according to my interpretation of the present law, provided, of course, that the decision of the appraisers is correct that anything that is called cutch and can be commercially sold and billed as cutch is cutch.

Paragraph 546 I have referred to in my original statement, stating what it really is and what it is used for.

In paragraph 548 the same wording is used as already referred to in paragraph 20, Schedule A, namely, as to the cutting to lengths or in pieces or otherwise reducing in size, and the same statement I made as to paragraph 20 would also hold good in this paragraph.

Paragraph 563 I have mentioned in my original paper as to what it is and what it is used for, also 592, 604, 682, and 686.

I may appear overanxious as regards these many paragraphs that I have again referred to, but having spent so many years in this line of business and been compelled to spend considerable money and time in fighting for what seemed to be a right and a protection that was granted me as an American manufacturer by my Government, I can not but desire that in a new tariff a full and clear explanation would be given for each and every article.

The following letters were filed with the committee:

STANDARD SANITARY MANUFACTURING COMPANY,
Pittsburg, U. S. A., November 9, 1908.

Hon. JOHN DALZELL, *Washington, D. C.*

DEAR SIR: Inclosed find letter from Gabriel & Schall, of New York, through whom we purchase about 225 tons of carbonate of baryta a year. We would advise you that we do not see how it would be possible for us to continue the use of this material in our mixture if it would carry an advance duty on it. It is as high as we could well afford to pay. So far as we are aware, we have not been offered this material in this country at any time or at any price. The duty that is now being collected on it we believe would be ample for the protection of any industry, and we trust that you will use your influence to keep the duty from being advanced.

Yours, truly,

E. L. DAWES, *General Manager.*

GABRIEL & SCHALL, 205 PEARL STREET,
New York, November 7, 1908.

THE STANDARD SANITARY MANUFACTURING COMPANY,
MR. L. C. CORBUS, ACTING PURCHASING AGENT,
Pittsburg, Pa.

DEAR SIR: Referring to the subject of our carbonate of baryta, which we have been importing for many years and which under the present tariff, while on the free list, has been and is being assessed a duty of 25 per cent, may come up for a further advance in duty before the Ways and Means Committee, which will be in session at Washington, beginning November 10, 1908. The schedule under

which our carbonate of baryta appears we believe to be the first one to come up—that is, on November 10 and 11—and we know that about one year ago some interested parties in the West tried to put a bill through Congress to advance the duty on this product to $25 per ton, which would be an enormous increase over the rate of 25 per cent as now assessed, and would increase the cost of our material about $20 per ton.

We hope you will lay this matter before your Congressman and protest against such advance.

Awaiting your favors, we remain, very truly, yours,

GABRIEL & SCHALL.
A. S. SCHALL.

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS, *November 11, 1908.*

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF MR. ALAN A. CLAFLIN, OF BOSTON, MASS.

Mr. CLAFLIN. Mr. Chairman and gentlemen, I appear as spokesman for the Avery Chemical Company, of Boston, Mass., manufacturers of lactic acid. The Avery Chemical Company created the lactic-acid industry, not alone in the United States but in the world. I also appear, by request, for Messrs. Harrison Bros. & Co., of Philadelphia, and the American Acid and Alkali Company, of Bradford, Pa., the only other American manufacturers.

The present duty on lactic acid is 3 cents per pound, with no provision as to strength or purity. What the firms I represent request is that the present duty be changed so that it will be a specific duty based upon the percentage strength of the acid, and that light colored and chemically pure acid be assessed a higher duty than the crude commercial acids, in accordance with their greater value.

Lactic acid is made by the fermentation of mashes, which are composed of farinaceous or starchy materials. This industry was developed in the United States, but after a market was created for the product the Germans took up the manufacture on a large scale. For a time the American manufacturers were able to hold their own—i. e., in the period of 1893–1896—because of the abnormally low price of corn and corn products. With the advance of corn the German manufacturers, whose raw material was the potato starch—protected by government subsidy, and therefore obtainable at a very low price—would have completely destroyed the American industry except for the protection of the Dingley tariff of 1897.

At the time of the last tariff act commercial lactic acid was a dark brown liquid containing 20 to 30 per cent actual lactic acid. Because of the lack of specification of that duty in regard to acid strength the German exporters increased the strength of their solution to 80 per cent, making it three times more valuable, but paying no more duty. Also, the manufacturers of high grade and chemically pure lactic acid is practically prohibited in this country, because these

products, worth three to eight times as much as commercial lactic acid, are assessed at the same rate of duty.

Lactic acid is used in the textile and tanning industries. In both of these industries it is, however, a small item, probably never amounting to 1 per cent of the total purchases of the mill or tannery. It is not an absolute essential, but would be replaced by other organic acids or its use discontinued entirely if the price was advanced extortionately. The higher qualities of acids made, if at all, in this country, only to a very limited extent, have a wide prospective usefulness for dietetic purposes if there was adequate protection for developing the industry. The raw materials of lactic acid are taxed as follows: Starch and glucose, 1½ cents per pound; sulphuric acid, one-fourth cent per pound. The apparatus required is taxed steel and iron variously, but averaging 20 to 45 per cent lead pipes and sheets, 2½ cents per pound; chemical glassware, 60 per cent; stoneware, 25 per cent. Competent chemists are obtained in Germany at salaries ranging from $200 to $500 per year; we pay chemists salaries of $1,000 to $2,500. The difference in labor cost is too well known to need emphasis. Finally, because of the paternal interest of the German Government in fostering the cultivation of the potato by subsidies, free service of experts, etc., the lactic acid industry as an industry consuming potato starch is sustained by a powerful external influence with which our manufacturers alone can not compete.

Mr. Boutell. What schedule is that on?

Mr. Claflin. It is under paragraph 1.

The Chairman. I understand you do not object to an increase of duty, but you want to have the duty graded?

Mr. Claflin. Graded according to the quality.

The Chairman. I did not notice any statement in your brief showing what would be the proper division line, what percentage there should be between the different grades.

Mr. Claflin. I think probably a duty of 3 cents per pound, or perhaps 2½ cents per pound, on 30 per cent acid, and then an advance according to the increased acid strength, say three-quarters of a cent per pound for each 10 per cent increase of acid strength, would be adequate, with a special ad valorem provision for the increased purity of the article.

Mr. Dalzell. You would not need 3 cents per pound, then, as the maximum duty?

Mr. Claflin. Not for the high-grade lactic acids.

Mr. Dalzell. You are asking an increase on the highest grades?

Mr. Claflin. On the highest grades, the grades that sell around 50 to 80 cents per pound. On those grades 3 cents is not adequate.

The Chairman. Of what strength or purity is there the largest importation?

Mr. Claflin. The largest importation is either commercial 80 per cent acid or chemically pure acid.

The Chairman. That is the largest importation?

Mr. Claflin. That is what the importation consists of entirely.

The Chairman. What ought to be the dividing line—what per cent? In the first place, how many different duties do you have?

Mr. Claflin. The duty would be wholly assessed according to the strength of the acid. You may take any percentage as a basis.

The Chairman. Is there any chemically pure?

Mr. CLAFLIN. There is a good deal of the chemically pure which comes in.

The CHAIRMAN. Would you put a duty of 3 cents on that, and where there is but 80 per cent pure, 80 per cent of the 3 cents? Is that your idea?

Mr. CLAFLIN. No; the idea is to have the commercial acid protected by a duty of 3 cents per pound. The conditions have not varied since the Dingley bill was passed.

The CHAIRMAN. Then you would have a 3-cent rate on the 80 per cent or upward?

Mr. CLAFLIN. No; on below 80 per cent.

The CHAIRMAN. Below 80 per cent?

Mr. CLAFLIN. Below 80 per cent. The 80 per cent lactic acid was a device of the Germans for getting around this tariff.

Mr. UNDERWOOD. State what you call the commercial grades.

Mr. CLAFLIN. The commercial grades in this country are 25 to 50 per cent acids.

Mr. UNDERWOOD. Then you would have 3 cents per pound on the acids containing not more than 50 per cent?

Mr. CLAFLIN. Yes, sir; not more than 50 per cent.

Mr. GAINES. And three-quarters of a cent additional for each 10 per cent after that?

Mr. CLAFLIN. Yes, sir.

The CHAIRMAN. Then you are advocating an increased duty?

Mr. CLAFLIN. Advocating an increase of duty in the way it is at present assessed.

The CHAIRMAN. On all that is above 80 per cent?

Mr. CLAFLIN. Yes, sir.

The CHAIRMAN. And that is the bulk of the importation?

Mr. CLAFLIN. Yes.

The CHAIRMAN. And that is the bulk of the acid that is used, both foreign and domestic, in this country?

Mr. CLAFLIN. No; the highest strength acids are imported. The low strengths are made in this country.

The CHAIRMAN. Take this 50 per cent acid. Below 50 per cent, what proportion is used, is consumed, in this country, in comparison with the whole that is consumed, without regard to whether it is foreign or domestic?

Mr. CLAFLIN. Probably 75 per cent of the acid that is consumed in this country is below 50 per cent; practically 25 per cent acid.

The CHAIRMAN. Is a duty of 3 cents a pound required on that, in your judgment?

Mr. CLAFLIN. For 25 per cent acid, 3 per cent.

The CHAIRMAN. 25 to 50 per cent acid?

Mr. CLAFLIN. I think on 50 per cent acid 3 cents a pound would be about in accordance with the other schedules in the chemical line.

The CHAIRMAN. Are there any other questions?

Mr. BOUTELL. How many factories are there that make this lactic acid?

Mr. CLAFLIN. Three.

Mr. BOUTELL. Is there perfectly free competition among them in the sales to jobbers?

Mr. CLAFLIN. They do not sell to jobbers; they sell to consumers.

Mr. BOUTELL. Is there any effort or attempt to make a uniform price to consumers?

Mr. CLAFLIN. To a certain extent there is a division of customers according to the geographical location of the factories in certain industries. In the leather industry we share jointly the expense of the selling force.

Mr. UNDERWOOD. Then practically the only competition along that line is from abroad?

Mr. CLAFLIN. No; the competition is wholly from other materials.

Mr. UNDERWOOD. There is none in the production of this acid?

Mr. CLAFLIN. As to competition, we all compete to a certain extent. In the first place, this product is not an essential for an industry, and I would make you, perhaps, a lower price than I would somebody else, according as I was competing. If you were in one line of industry I might make you a little better price, according to the product that I was replacing, and in that line I would be competing with my fellow-manufacturer. For example, I sell in active competition with the other two factories in competition for the textile trade. In competition for the leather trade we respect each other's territorial rights to some extent, and share certain selling expenses.

Mr. UNDERWOOD. Then in the leather market, in the leather trade, you practically have a combination that fixes the price here, and your only competition is from abroad?

Mr. CLAFLIN. We fix the price relative to a minimum at which we will sell. But, as I say, in the last ten years we have had those arrangements in force and they have been out of force, and the price has fluctuated far more according to the price of raw material than it has according to the combination. The only question has been the question of tonnage. The price we can ask an individual tanner is based on what he can buy a substitute for.

Mr. UNDERWOOD. Is the present tariff on the commercial product that is below 50 per cent prohibitive?

Mr. CLAFLIN. On the commercial product below 50 per cent it is prohibitive, except as they bring in a higher strength and dilute it down; but by doing so they cut the duty down one-third, and a tariff of 1 per cent is prohibitive.

Mr. UNDERWOOD. But where there is a tariff of 3 cents on the commercial product it is prohibitive, and no revenue is derived from it?

Mr. CLAFLIN. The Government loses that amount of money by the raising of the strength.

The CHAIRMAN. If we followed out your suggestion in this matter, we would make it prohibitive entirely on the entire product?

Mr. CLAFLIN. No; I am not asking for a prohibitive duty on it.

The CHAIRMAN. But would not that be the effect—that it would be prohibitive?

Mr. CLAFLIN. Undoubtedly they would still bring in the acid on the rate of duties that we have had. We ask only for duties that are approximately 30 per cent, in accordance with other chemical manufactures.

The CHAIRMAN. But, as I understand, you state here that the duty of 3 cents on the commercial product, from 25 to 50 per cent acid, is practically prohibitive now.

Mr. CLAFLIN. For 25 per cent acid. I might say it would be prohibitive, except that they can bring in the acid at 80 per cent strength

for one-third of the duty, so that we are paying 3 cents a pound where they can bring the acid in for 1 cent a pound duty.

The CHAIRMAN. You want three-quarters of a cent added for every additional 10 per cent of acid?

Mr. CLAFLIN. That would give us an equal show on the high strengths. Now we do not make any 80 per cent acid at all. We can not compete on the high-strength duty.

The CHAIRMAN. If we put 3 cents, the present duty, on the acid from 25 to 50 per cent, and then added three-quarters of a cent for each 10 per cent added, that would increase the tax on 80 per cent acid 2¼ per cent. Now, would not that make it prohibitive? That would be 5¼ cents on the 80 per cent acid.

Mr. CLAFLIN. Five and a quarter cents on the 80 per cent acid?

The CHAIRMAN. Yes.

Mr. CLAFLIN. And that would not make it prohibitive in any sense. The Germans undoubtedly would still bring it in, because their raw material costs them less than half what ours costs us.

Mr. GAINES. We do not import much of this, do we? The figures here indicate that we only imported $5,000 worth last year and $6,000 worth the year before.

Mr. CLAFLIN. The whole industry does not amount to very much.

The CHAIRMAN. What is the consumption in this country?

Mr. CLAFLIN. Probably $100,000 worth per annum.

The CHAIRMAN. How many pounds are consumed?

Mr. CLAFLIN. That would average 2,000,000 pounds.

Mr. LONGWORTH. Then these three firms would produce the $95,000 worth that is used in this country?

Mr. CLAFLIN. No; they produce 95 per cent of the value; although it seems as though there was something wrong in that schedule of value. I think that the lactic acid has come in as other acids, to some extent.

Mr. GAINES. No; for 1906 and 1907 they gave lactic acid alone. Prior to that it came in with chromium.

Mr. CLAFLIN. But the effect is that the Germans in this competition have been purely imitative. We have developed this lactic-acid business, and now we seek other means, other prospects, for developing the higher strength; but the moment we do that we are threatened with this German competition, which practically keeps us from going into that manufacture.

Mr. UNDERWOOD. With the present tax on the higher product, do they reduce the higher product after they bring it in?

Mr. CLAFLIN. They reduce the higher product.

Mr. UNDERWOOD. To what extent do they reduce it?

Mr. CLAFLIN. They probably take 1 pound of the higher product and make 3 pounds of the lower product.

Mr. UNDERWOOD. Then at the present rate, when they bring it in that way, the present tax amounts to 1 cent—one-third?

Mr. CLAFLIN. One cent; yes, sir.

Mr. UNDERWOOD. And under that 1-cent tax they only bring in $5,000 worth out of the $100,000 total production, 5 per cent of what is produced in the country. That really does not threaten your manufacture very seriously.

Mr. CLAFLIN. We are not worrying about their threatening us at present on the lines which we have developed. What we are asking

is that the duty be rationalized so that we can go ahead and develop the business the way we see prospects for developing the business.

The CHAIRMAN. If you have 95 per cent of the market, what development do you want?

Mr. CLAFLIN. We have not developed the uses of this product yet. We see uses for a higher per cent of acid, for 80 per cent or chemically pure acids, which have not been developed, to a certain extent; but if we do go ahead and spend our money for the developing of the uses of the higher strengths of lactic acid, the Germans, although they only control 5 per cent of the total consumption of lactic acid, do control 95 per cent of the high-strength acid business. Part of that they use, reducing as I suggest to avoid the duty, and part of that they use in those lines where a high-strength acid only is suitable.

The CHAIRMAN. They have only 5 per cent of the whole amount.

Mr. CLAFLIN. They have only 5 per cent of the whole market, but 75 per cent of the market is made up of 25 per cent acid. Then the balance that we sell is made up of 50 per cent acid; but of the 80 per cent and the chemically pure acids, we practically get none, because we can not compete.

The CHAIRMAN. What is 50 per cent acid worth?

Mr. CLAFLIN. About 9 cents.

The CHAIRMAN. And 75 per cent acid is worth about how much?

Mr. CLAFLIN. Seventy-five per cent acid is worth about 11 cents. That is, those are our selling prices. The prices of the Germans are, on 50 per cent acid, about 5 to 6 cents.

The CHAIRMAN. If they can sell for 5 cents, I do not see why they do not get in the 50 per cent acid.

Mr. CLAFLIN. They would undoubtedly get into this market more if they worked harder to sell their product; but the demand for lactic acid is not like the demand for flour, so that anybody can go out and sell the product. We have to create the demand first.

Mr. POU. What is the principal commercial use of lactic acid?

Mr. CLAFLIN. The principal use of lactic acid is in the tanning industry, for plumping the leather.

The CHAIRMAN. That is all, I think.

Mr. CLAFLIN. Thank you, Mr. Chairman.

STATEMENT OF MR. M. B. SNEVILY, OF NEW YORK CITY, N. Y.

Mr. SNEVILY. Mr. Chairman, I would respectfully call your attention and that of your fellow-members to paragraph 626 of the existing tariff.

The CHAIRMAN. That is on olive oil?

Mr. SNEVILY. Yes, sir.

The CHAIRMAN. Your suggestion is in regard to the interpretation of the language of that paragraph?

Mr. SNEVILY. Yes, sir.

The CHAIRMAN. We have something here on that. A suggestion has been made that after "olive oil" in that paragraph there should be inserted the words "rendered unfit or incapable of use for food or for any but mechanical or manufacturing purposes, by such means as shall be satisfactory to the Secretary of the Treasury, under regulations to be prescribed by him."

Mr. SNEVILY. Yes.

The CHAIRMAN. Would such an amendment as that meet your objection?

Mr. SNEVILY. If I could have a few minutes of your time, I believe I can explain the situation.

The CHAIRMAN. I wanted to bring this suggestion to your attention and have you answer on that.

Mr. SNEVILY. That is the object of my appearance here. I represent the importers and also the consumers, embracing the textile mills and leather and soap manufacturers, who are consumers of the commercial grades of olive oil. Undoubtedly the intent of the last Congress in passing this law was to admit for manufacturing purposes olive oil free of duty, but, unfortunately, the determining factor as to what is fit only for manufacturing purposes is in the mind of the examiner before whose immediate attention the import comes; in consequence of which we have a better grade of oil being admitted at the port of Philadelphia or the port of Boston than we can enter free of duty at the port of New York. The requirements of the textile mill call for an oil which is free from sediment, gum, and albuminous matter. The requirements of the soap trade are for an oil containing a low percentage of free, fatty acids. Olive oil being produced in a limited section of the world, and being an article of close competition, as a matter of necessity importers as well as consumers must draw their supply from those markets where the crops are most bountiful. Good crops invariably mean oil of high grades, even of a mechanical or commercial quality. The result is, as has been shown this past year where we have drawn our oils from Spain and Smyrna, that we have obtained oils that were distinctly and without question fit only for manufacturing purposes that have contained a lower percentage of free, fatty acids than table oils drawn from other sections of producing countries where the crops have not grown under as favorable conditions. Consequently the examiner in passing upon these oils has returned as dutiable many importations, and the trade at New York to-day are confronting the payment of duties amounting to $30,000 on imports that have been returned as dutiable by the examiner at the port of New York, 90 per cent of which have already been sold and have gone into consumption for mechanical and manufacturing purposes. Now the trade, including the importer and the consumer, desire that the law be so changed that the question as to whether the oil is fit only for mechanical purposes can be removed from the jurisdiction or determination of any individual.

The CHAIRMAN. That is very embarrassing from the Government's point of view.

Mr. SNEVILY. There is no chemical analysis by which the fitness or unfitness for edible purposes of an oil can be determined. It is entirely a matter of individual sense of taste and smell. The courts have decided that merely because certain of our population will eat these grades of oil they should not be dutiable, and there have been several decisions along those lines. But notwithstanding that fact, the examiner still continues to return every once in a while these very same grades of oil as dutiable, necessitating the importer's carrying the case before the Board of Appraisers, and if defeated there, to the courts. The business is transacted upon a margin of profit not

exceeding 5 per cent, and the majority of it at a margin of 2½ per cent. It will therefore be apparent to you that business could not very well be conducted under these conditions, and this oil is absolutely necessary to certain industries. The manufacturer of castile soap can not produce castile soap except by the use of olive oil.

The CHAIRMAN. Whenever the Government makes a contention before the court, even if they are beaten on the rate of duty that they think they ought to collect, and they appeal, they collect the full duty according to their determination, although the court has overruled them, until they get a final decision of the case?

Mr. SNEVILY. Yes, sir.

The CHAIRMAN. And that is what they are doing in this case?

Mr. SNEVILY. They have either collected the duty or the goods have remained in bond or the duty has been paid under protest.

The CHAIRMAN. They have remained in store, in bond?

Mr. SNEVILY. Yes, sir.

The CHAIRMAN. The test the Government is making now is whether the oil is rancid or not?

Mr. SNEVILY. Rancidity and acidity are two different things. The very methods of manufacture of the commercial oils carry with them rancidity. The commercial oils are products of decomposition. Decomposition as a matter of necessity means rancidity. Fatty acids are natural to the oil. Even the highest grades of edible oil carry a certain percentage of what we term "free fatty acids," and edible oil can contain a larger percentage of free fatty acids than a commercial oil. Still, the commercial oil would be rancid, while the edible oil would not be rancid.

The CHAIRMAN. The notes I have before me say that the appraisers on the shipments of March, 1906, hold that it is the rancidity of olive oil, and not the mere presence or absence of free fatty acids, which determines whether or not the oil is edible.

Mr. SNEVILY. That is right.

The CHAIRMAN. That is the rule they are enforcing now, or trying to enforce, is it not?

Mr. SNEVILY. It seems to be impossible to demonstrate to the Board of Appraisers what constitutes rancidity. Quoting the case now before the board, involving about $30,000 duty, under which we have had two hearings and briefs are now being prepared, the trade presented at least 20 witnesses and were prepared to present 50 more to prove that these oils which had been returned dutiable were not fit to eat, and that they were strictly commercial oils. The Government confined their witnesses to the examiner, Doctor Wiley, and one of his assistants, who returned the oils dutiable, and failed to call any member of the trade engaged in the importation of either the commercial or the edible oil.

The CHAIRMAN. What we desire now is to make such a definition of this oil that the revenue will be collected on the edible table oil and the other will be free from duty, and we would like to hear any suggestion that you can make as to amending the schedule and the law which will bring about that result.

Mr. SNEVILY. If it is your intention that industries should have for manufacturing purposes olive oils free of duty, I would suggest that the framing of this law be referred to the Treasury Department,

who have had ample experience under the existing law to suggest a clause.

The CHAIRMAN. How is this suggestion that I just read you a moment ago; would that accomplish the object? That is under the free paragraph.

Mr. SNEVILY. Yes.

The CHAIRMAN. This reads "Olive oil rendered unfit or incapable of use for food or for any but mechanical or manufacturing purposes by such means as shall be satisfactory to the Secretary of the Treasury, and under regulations to be prescribed by him." That is referring it to the Treasury Department.

Mr. SNEVILY. That would mean, as a matter of necessity, denaturing.

The CHAIRMAN. Yes; if you kept in the word "rendered," I think it would.

Mr. SNEVILY. Yes. Now, the difficulty there is that an oil denatured might be suitable for one industry and not suitable for another. I sent out at least 3,000 circulars early in the season embracing the subject of denaturing and asking for information from consumers. I received no three replies that were the same. Denaturing is a subject which has not been experimented with, and there are no practical data obtainable in this country. Each individual manufacturer has his own ideas. A soap manufacturer can not produce a castile soap to sell in competition with the foreign manufacturer, and have it scented. Castile soap is not scented. If you denature olive oil with any essential oil, then you have a scented soap. If you denature it with an unsaponifiable matter, then you have an uncompleted soap. I would suggest that if it could be provided that oil for manufacturing purposes, when shown to be used exclusively for that purpose, should be admitted free upon regulations to be suggested by the Treasury Department, the difficulty would be overcome.

Mr. UNDERWOOD. Your idea is to follow the oil into the manufacture and have a certificate that it is used for that purpose?

Mr. SNEVILY. Yes, sir.

The CHAIRMAN. I do not think we want to use the revenue force and customs force in that way. It requires about all the force we can employ to collect the duty on alcohol and spirits.

Mr. UNDERWOOD. I was just trying to get the idea of the witness.

The CHAIRMAN. Suppose that language was changed in this way, so as to read "olive oil incapable of use for food or rendered unfit for food or for any but mechanical or manufacturing purposes by such means as the Secretary of the Treasury shall provide?"

Mr. SNEVILY. It has been suggested, Mr. Chairman, that the following clause would cover it, and at the same time would leave its enactment entirely in the Treasury Department, "fit only for manufacturing purposes, or used for such purposes, free."

Mr. DALZELL. That necessitates following the oil into the custody of the manufacturer.

Mr. SNEVILY. It would, if a bond was filed with the Treasury Department to be canceled upon satisfactory proof that the oil imported had been used for manufacturing purposes.

Mr. NEEDHAM. Is there much of this oil refined after it comes here?

Mr. SNEVILY. Practically none.

Mr. NEEDHAM. It can be?

Mr. SNEVILY. Commercial oil can not be converted into an edible oil.

Mr. NEEDHAM. In this country do we produce any of this crude oil?

Mr. SNEVILY. I am not prepared to speak as regards California. Apart from California there is no olive oil produced.

Mr. NEEDHAM. That is all of the highest grade, is it not?

Mr. SNEVILY. During my twenty-five years' experience in this business I have never come in contact with the California oil in a commercial way.

Mr. NEEDHAM. I do not think we produce any of the crude oil there; it is all of the highest quality.

The CHAIRMAN. Are there any other questions?

Mr. SNEVILY. I would furthermore request that the limit now established at 60 cents, at which oil is admitted free of duty, be either eliminated or raised. My reasons for that request are as follows: The production of olive oil is one of slow growth. Consumption has largely outstripped production, and to-day we have a low price when we have 60 cents, whereas ten years ago 60 cents was an extreme price. During my twenty-five years' experience in this business this is the first year when we have found the cost of oil abroad to exceed the limit of 60 cents a gallon placed upon it as entitled to free entry.

The CHAIRMAN. You speak of the limit?

Mr. SNEVILY. It is in paragraph 626.

The CHAIRMAN. What suggestion do you make as to a change there?

Mr. SNEVILY. That it should either be removed entirely or advanced. If the suggested change be made so that it will read "fit only for manufacturing purposes or used for such purposes, free," then the question of cost would not enter into it.

Mr. DALZELL. If the language suggested by the chairman were put in, that would also eliminate the 60 per cent limit.

Mr. SNEVILY. But that, as I understand it, would require denaturing.

The CHAIRMAN. I think this provision probably does require it to be denatured, although I doubt if that was the intention of the drafter of the paragraph. I think it was meant to include oil that was incapable of use for food or was rendered unfit for food by reason of being denatured.

Mr. SNEVILY. There are grades of oil which are unfit for eating, that nobody, not even the examiner, jealous of the Government's rights, would claim as being fit to eat.

The CHAIRMAN. Yes; but it is complained that olive oils have been imported here that were imported ostensibly for manufacturing purposes, to escape the payment of duty, that were sold to our Italian fellow-citizens for food; to what extent I do not know. It does not make much difference. If we have a law, we want it enforced. We want to make a law that is capable of enforcement.

Mr. SNEVILY. There is no doubt that that situation does exist, but I think I am free to state that the percentage so imported is very immaterial.

The CHAIRMAN. I do not know. You can not always tell, you know, when you catch a man violating the law, how far it has gone, especially if there is money in it.

Mr. SNEVILY. Well, there is 40 cents a gallon in it, or $20 a barrel.

The CHAIRMAN. Are there any other questions? Do you desire to be heard further?

Mr. SNEVILY. I do, upon another subject, sir. I notice that there appeared yesterday before you a Mr. Mohun, in regard to cocoanut oil. His statement is on page 53 of the hearings. I was very much surprised to notice this appearance and that the gentleman in question advocated a duty of a half a cent per pound on cocoanut oil. I have been a manufacturer of that article for twenty years. There is a very large consumption of cocoanut oil in this country. A duty of a half a cent per pound, in my opinion, would not increase production, as it would not be sufficient to overcome the natural advantages that the eastern manufacturer or the European manufacturer enjoys. On the other hand, with one-half cent per pound duty on oil a very small amount of the actual consumption could be supplied by American manufacturers, while the consumer would pay that additional cost for his raw materials. If it is the intent of this committee to promote, or to frame a tariff which would promote, the manufacture of vegetable oils the raw materials of which are produced in the Far East, then it would be advisable to give sufficient protection to enable us to manufacture those goods in sufficient quantity to become a factor. One-half cent per pound on cocoanut oil, taking the average price for the past five years, would not be 7 per cent. There are vegetable oils manufactured, imported into the United States, upon which there is a tariff of 25 per cent, and of which there are none produced in the United States. The raw materials are drawn from practically the same territory from which the materials would be drawn for cocoanut oil. Therefore if 25 per cent is not sufficient to foster or encourage the manufacture of one oil, 7 per cent certainly would not be on another. I should like the privilege of submitting a brief later on regarding vegetable oils, if I may do so.

The CHAIRMAN. You may do so at any time between now and the 4th of December; of course the earlier the better. The hearings end on the 4th, and after the 4th you may not have an opportunity.

Mr. SNEVILY. Before closing, Mr. Chairman, I can not impress upon you too strongly the necessity of extending relief to the importer and the consumer of olive oil by some enactment of your law which will do away with this uncertainty. This oil is absolutely necessary for the production of certain goods in this country.

The CHAIRMAN. There is no doubt but what that law is to be cleared up and made perfectly plain, if it is possible to do so, and I think the committee will endeavor to do it in regard to olive oil.

Mr. SNEVILY. I am very much obliged to you.

The CHAIRMAN. Just a little further in regard to cocoanut oil. What percentage of the cost of manufacture of cocoanut oil is the labor cost?

Mr. SNEVILY. The labor is practically the entire cost.

The CHAIRMAN. The entire cost?

Mr. SNEVILY. Yes, sir; that is really the only cost that enters in, apart from the small amount of chemicals that would be used in the refining.

The CHAIRMAN. If that is correct, I do not see how 7 per cent would help you much. What quantity did you manufacture?

Mr. SNEVILY. A limited amount; probably a thousand tons.

The CHAIRMAN. What percentage is that of the whole consumption of the United States?

Mr. SNEVILY. I am not prepared to state, because it is so small as compared with the entire consumption; and our raw materials are drawn entirely from the West Indies, and for that reason our production is limited to the amount of raw material we can secure in those markets.

The CHAIRMAN. Have you been able to increase that; is that a growing business or otherwise?

Mr. SNEVILY. It shows some increase, but not a great deal.

The CHAIRMAN. Then you sell it in connection with your other articles of merchandise, to help to fill out your lines?

Mr. SNEVILY. That is one of the lines we are engaged in, the manufacture of oil.

The CHAIRMAN. A sort of side show?

Mr. SNEVILY. Yes, sir.

The CHAIRMAN. Are there any questions by members of the committee? If not, that is all, Mr. Snevily.

Mr. SNEVILY. Thank you.

STATEMENT OF MR. THEODORE RICKSECKER, REPRESENTING THE MANUFACTURING PERFUMERS' ASSOCIATION OF THE UNITED STATES.

Mr. RICKSECKER. I desire to be heard on paragraphs 3 and 70. I represent the Manufacturing Perfumers' Association of the United States, embracing the trade generally of the country. I happen to be at present the president. On Monday last a meeting of the executive board was held, and it was ordered that a committee of two be formed, consisting of Mr. James E. Davis, of Detroit, and myself, to prepare a brief for your consideration, expressing the attitude of our association, as voiced by the executive board meeting. This association embraces generally the trade of the United States, from the Atlantic to the Pacific.

(Mr. Ricksecker here read the brief referred to, which will be printed later.)

The CHAIRMAN. What is the consumption of perfumery in the United States, foreign and domestic products?

Mr. RICKSECKER. That is a very difficult question to answer.

The CHAIRMAN. Can you give us some idea what percentage is imported, of the amount consumed?

Mr. RICKSECKER. I may say in parenthesis that I asked the United States Government to give me these figures. I asked both the Department of Commerce and Labor and the Census Office. I got the figures together; but the difficulty, as they explained it, in analyzing the relative proportion of what might be termed strictly perfumery and toilet goods, and necessities such as toilet soaps, and kindred lines such as ammonia and goods used for toilet purposes, was so great that they could not well get at the real truth.

The CHAIRMAN. According to the figures I have here there were 359,000 pounds imported in the year ending July 31, 1907. Will that enable you to give any estimate?

Mr. RICKSECKER. The question was asked me at our last annual meeting, or previous to the last annual meeting, which you ask me, and I prepared a paper to the best of my ability, and I came to the conclusion that under our classification and taking in view the Government statistics, the probabilities were that the consumption of perfumery and toilet goods might range from five million to seven or eight million.

The CHAIRMAN. Pounds or dollars?

Mr. RICKSECKER. Pounds; including preparations for the teeth, and so forth.

The CHAIRMAN. That is your best estimate, after informing yourself as far as you could?

Mr. RICKSECKER. Yes, sir. I also tried to get information of imports of crude materials, so as to arrive at a conclusion on that basis, and that is my personal judgment, after this investigation.

The CHAIRMAN. Are these importations largely from France?

Mr. RICKSECKER. The crude materials for perfumery and toilet articles hail from all the ends of the earth. They get some items from China and some from Japan, and there is one from the Philippine Islands which is taxed 25 per cent duty, and they get some from France. The attar of roses comes from Bulgaria. Some of the crude materials are, of course, of American origin.

The CHAIRMAN. I see there is quite a little increase in the last ten or twelve years in the importation of perfumery. I suppose that is accounted for by the fact that the people have become more prosperous and likely to indulge in luxuries of this kind.

Mr. RICKSECKER. The relative increase of the consumption of American goods as compared with the French is a very difficult matter to get at, but the consumption of foreign goods is largely due to a misapprehension on the part of so large a part of our population who go abroad every summer and buy French goods, with a certain amount of pride attached to them.

The CHAIRMAN. How large a duty ought we to have? If we take off the specific duty, how large an equivalent ad valorem duty do you think there ought to be?

Mr. RICKSECKER. It seems to our association we ought to have the equivalent of about 75 per cent ad valorem duty.

The CHAIRMAN. I see you got along on 65 per cent up to the end of 1906. Business was highly prosperous, was it not?

Mr. RICKSECKER. That is due partly to this fact, that there are some certain French houses which have established branch houses here and who get certain of their products partly compounded, and the rate of duty varies through that fact.

The CHAIRMAN. I see there was a great slump in the price of imported goods in 1907. Was there a corresponding slump in American goods?

Mr. RICKSECKER. Yes; there has been.

The CHAIRMAN. What was the occasion of that?

Mr. RICKSECKER. The panic.

The CHAIRMAN. No; but this was in the year ending July 31, 1907. That was before many of us dreamed of a panic.

Mr. RICKSECKER. Oh, you mean the fiscal year ending 1907?

The CHAIRMAN. The year ending June 30, 1907. The price dropped from \$2.81 down to \$1.82.

Mr. RICKSECKER. I do not understand you, sir, because my records here, which are in print in our association book, show that in 1906 the importations of alcoholic perfumery, if you please, were 585,960. and in 1907 they were 655,754.

Mr. GAINES. If that is correct, dividing the amount into the price, it leaves the unit of value $2.81, as the chairman stated, in 1906, against $1.82 in 1907.

The CHAIRMAN. Are you able to tell me whether there was a corresponding drop in domestic goods between the years 1906 and 1907—the year ending June 30 of each year?

Mr. RICKSECKER. Why, no, sir. Our figures here, if they are correct, which we got from the Government, are to the effect that there was an increase of imported goods.

Mr. GAINES. An increase in the amount, but not in the unit.

(The figures referred to were here examined by Mr. Ricksecker.)

The CHAIRMAN. Your figures correspond, only you do not figure out the unit of value. I am talking about the decrease in the price per pound.

Mr. RICKSECKER. Perfumery is not sold by the pound, you know, and its value could not be measured in that way.

The CHAIRMAN. No; but the unit of value is the pound in these government statistics. You see this is a compound duty. It is so much a pound and also an ad valorem duty in addition; so that they have to get the appraised value of the unit. I suppose the unit is a pound. On the unit of value the importing price was reduced from $2.81 to $1.82, whether it is pounds or gallons. It must be pounds, of course.

Mr. RICKSECKER. What appealed to us and concerned us was the increase or decrease in market value of the total imports for each year, and they show that for the past ten years they have actually increased every year.

The CHAIRMAN. Was there any violent reduction in the price of goods here between 1906 and 1907?

Mr. RICKSECKER. No.

The CHAIRMAN. Was there any great change in the value?

Mr. RICKSECKER. No, sir; no reduction.

The CHAIRMAN. None that you can speak of now, practically?

Mr. RICKSECKER. No. There is this factor in connection with selling goods by weight in our line. The tendency of late years has been increasingly in favor of more expensive imported goods.

The CHAIRMAN. You mean the undervaluation has been greater as the years go by?

Mr. RICKSECKER. The class of goods that has been imported has been of a more costly character per pound.

The CHAIRMAN. They have been dearer goods?

Mr. RICKSECKER. Yes.

The CHAIRMAN. That makes it all the worse.

Mr. RICKSECKER. That is a fact. There has been a tendency in that direction; but, as I say, another factor enters in, and that is disturbing. Certain French houses have established branch factories here and are making goods which formerly they imported, importing only parts of them now, or some of the ingredients.

Mr. UNDERWOOD. That is developing the American manufacture, is it not?

Mr. RICKSECKER. It is not as serious a matter as it might be, but it is a factor in the receipt of customs.

Mr. BOUTELL. Referring to paragraph 70, preparations used as applications to the hair, I would like to ask whether there has been or is any trust or combination tending to create a monopoly and increase the price of these articles to the consumer?

Mr. RICKSECKER. I may say that to my certain knowledge, as president of our association, and as being sure to be intimately aware of any such movement, there has been no trust, or no combination.

Mr. BOUTELL. There is no effort or attempt to regulate the price to the jobbers, among the different manufacturers of perfumery?

Mr. RICKSECKER. No; no concerted effort; no schedule.

The CHAIRMAN. Are there any further questions?

Mr. RICKSECKER. I may say, gentlemen, that in order to gain whatever light is possible, for your consideration in connection with the schedule of the essential oils, at our last meeting I asked the Agricultural Department to permit the head of their Bureau of Plant Industry to come to New York and address us and tell us what distillations they had accomplished in their experimental stations in various parts of the South and West, and he did so; and the gist of his address to us was to the effect that while these experiments are very interesting and apparently give some little promise, there is no definite reason for believing that the American industry in such oils can be prosperous in the immediate present. In order further to get whatever light I might from the customs department as to matters bearing on our industry, I asked the chief appraiser of the department in New York to address us and tell us our shortcomings and the shortcomings of the tariff in its classification, and he appointed one of his officers to do so. Those addresses are in print and are available to any of you gentlemen who wish to see them for further enlightenment.

Mr. UNDERWOOD. If we adopted your suggestion of an increased duty, would there be a corresponding increase of revenue, or would it decrease the revenue?

Mr. RICKSECKER. We are not asking for a decrease or an increase.

Mr. UNDERWOOD. I thought you were.

Mr. RICKSECKER. No; we are asking for a continuance of the present schedule, as being freest from possibilities of disaster and danger to our industry, which is a struggling one. Nobody has made a fortune. We are all struggling for an existence, or a reasonable living, and I have such evidence that I can not reveal from various manufacturers that is positive on that score.

The CHAIRMAN. Are there any further questions? Have you anything further to offer?

Mr. RICKSECKER. I can think of nothing, sir.

STATEMENT OF MR. JAMES E. DAVIS, OF DETROIT, MICH.

Mr. DAVIS. There is nothing, Mr. Chairman, that I have to say except to confirm what Mr. Ricksecker stated. We come before you to say simply, "Leave us alone." We are satisfied. We have no grievance, no complaint; and although there are some inconsistencies

in the present law, we are perfectly willing to have matters stand as they are.

The CHAIRMAN. Could you stand any reduction?

Mr. DAVIS. None whatever.

The CHAIRMAN. Would it ruin the industry? Seriously, have you been over this schedule to see whether it would not stand a cut?

Mr. DAVIS. None whatever. In the matter of essential oils there are possibly inconsistencies. For instance, as an example, oil of geranium pays 25 per cent duty and oil of lavender is free. Oil of rose is free and oil of patchouli pays 25 per cent. But we do not care anything about that.

The CHAIRMAN. I was talking more particularly about perfumes.

Mr. DAVIS. Those are the articles that go into perfumes. The perfume industry, especially in regard to importations, is a peculiar one. Perfume is not sold by the pint or pound. Nearly all the imported articles come here in small fancy packages, and are sold in that way, and it is a luxury, and we know it, and everybody knows it. People go abroad and buy these goods and bring them over here, and they are introduced in this country.

All we ask is that you leave us alone. We have no grievance and no complaint.

The CHAIRMAN. I understand your position. If no member of the committee has any questions, that is all.

STATEMENT OF MR. ALBERT CLARK, OF BOSTON, MASS.

Mr. CLARK. Mr. Chairman and gentlemen, I received a letter this morning from Mr. Ashton Lee, treasurer of the A. Lee Company Chemical Works, of Lawrence, Mass., concerning the manufacture of indigo products, or preparations of indigo ready for the dyer. These goods, he says, were on the free list under the Wilson bill, and in the present tariff they are dutiable; indigo extracts and pastes at three-quarters of a cent per pound, indigo carmined at 10 cents per pound, and indigo white at three-quarters of a cent per pound, and since this went into effect the imports have fallen off and the manufacturers in the United States have had the advantage of most of the home market. As these rates of duty are low and about 50 per cent of what we asked for, in order to have full protection we are very sure that they should not be reduced in the proposed revision, especially as these rates of duty do not cover the difference in cost of production between here and in Europe. That is all I know about it, Mr. Chairman, but if this information is not so complete as the committee would like, I ask an opportunity for this gentleman to file a brief later, and will be happy to have any questions propounded by members of the committee, which can be submitted to him.

The CHAIRMAN. Of carmined indigo the importations are about the same. Of crude indigo, on the free list, the importations have vastly increased. They have increased from 3,000,000 pounds in 1897 to 7,000,000 pounds in 1907. The importations of extracts and pastes have been reduced from 364,000 pounds to 145,000 pounds in the same period. I see that the ad valorem rate is about 12 per cent on the extracts and runs up from 12 to 15 per cent on the other. That would indicate that the price had been reduced.

Mr. CLARK. I do not know whether it has been or not.

The CHAIRMAN. I guess that is so. I have heard no complaint. Have any members of the committee any questions to ask Mr. Clark?

Mr. CLARK. These goods are doubtless used mostly in the textile trade, and although I come from a textile center and am somewhat in touch with textile manufacturers, I have heard no complaint concerning the indigo products.

Mr. HILL. The use of indigo is falling off, is it not, and aniline colors are being used to a greater extent, are they not?

Mr. CLARK. Possibly. I am not able to speak about that.

The CHAIRMAN. I think that is all, Colonel Clark.

Mr. CLARK. That gives him the privilege of filing a fuller statement if you would like it?

The CHAIRMAN. Any time before the 4th of December. Is there any person present who wishes to be heard on the chemical schedule? If there is no one else who desires to be heard, the hearing will be closed and the committee will take a recess until 9.30 to-morrow morning.

(At 3.35 o'clock p. m. the committee adjourned until to-morrow, Thursday, November 12, 1908, at 9.30 o'clock a. m.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 3.

THURSDAY, NOVEMBER 12, 1908.

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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

JOHN DALZELL.	NICHOLAS LONGWORTH.
SAMUEL W. McCALL.	EDGAR D. CRUMPACKER.
EBENEZER J. HILL.	CHAMP CLARK.
HENRY S. BOUTELL.	WILLIAM BOURKE COCKRAN.
JAMES C. NEEDHAM.	OSCAR W. UNDERWOOD.
WILLIAM A. CALDERHEAD.	D. L. D. GRANGER.
JOSEPH W. FORDNEY.	JAMES M. GRIGGS.
JOSEPH H. GAINES.	EDWARD W. POU.
ROBERT W. BONYNGE.	CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Thursday, November 12, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. The hearing this morning will be on Schedule H—spirits, wines, and other beverages.

We will hear Mr. Hamilton.

STATEMENT OF MR. FRANCIS E. HAMILTON, 32 BROADWAY, NEW YORK.

The CHAIRMAN. Please give the committee your full name, address, and the interests you represent.

Mr. HAMILTON. Francis E. Hamilton, 32 Broadway, New York, attorney at law. I represent the interests that I send to the clerk, but will say that they are the Wine and Spirit Traders' Society of the United States, the Italian Chamber of Commerce, J. B. Martin, Hartman & Goldsmith, Julius Wile, Sons & Co., and others whom I do not at the moment remember, all interested in Schedule H.

The CHAIRMAN. You may proceed, Mr. Hamilton.

Mr. HAMILTON. I received this morning a line from the president of the Wine and Spirit Traders' Society of the United States, representing the principal importers of wines and spirits in this country, which reads as follows (reads):

THE WINE AND SPIRIT TRADERS' SOCIETY OF THE UNITED STATES,
78 BROAD STREET,
New York, November 11, 1908.

Hon. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.

SIR: The members of the Wine and Spirit Traders' Society of the United States, representing the principal importers of wines and spirits in this country, request that the hearing appointed by your honorable committee for the 12th instant, to give this trade an opportunity to present their views regarding the reconsideration of the tariff rates, be postponed until at least the 26th instant, in order that they may ascertain and present in concise and tabulated form the views of the firms importing wines and spirits into this country.

Trusting that you will grant our request, we are,
Respectfully,

ALEX. D. SHAW,
President of the Wine and Spirit Traders' Society of the United States.

I have no recommendation to make, and I presume to say that the committee will not consent to any application of the sort, owing to the fact that you have already outlined your time, but it is my duty to ask whether it would be possible to allow the Wine and Spirit Traders' Society to be heard at any future day.

Mr. BOUTELL. What day do they fix?

Mr. HAMILTON. November 26.

Mr. BOUTELL. That is Thanksgiving Day.

The CHAIRMAN. We have a schedule for the whole hearings, and we can not postpone them.

Mr. HAMILTON. I fully understand the position of the committee.

The CHAIRMAN. Any person who can not appear at the appointed time will have ample opportunity to file a brief before the 4th of December, but we can not interrupt the hearings.

Mr. HAMILTON. I think, if the committee please, that that is very proper. I think it would be very foolish to attempt to change the programme as you now have it arranged.

I will briefly submit to the committee the suggestions that are presented by my clients on the question of any revision:

We, the undersigned members of the legislative committee of the Wine and Spirit Traders' Society of the United States, herewith submit to your honorable body the following recommendations.

I will file them or I will read them if the committee prefers. Perhaps it would be better to read them, and then if there are any questions to be asked——

The CHAIRMAN. Just take your own course.

Mr. HAMILTON. Very well.

Mr. CLARK. What is the general trend of the argument, to cut down the tariff?

Mr. HAMILTON. A little, in some places.

Mr. CLARK. I just wanted to learn the trend of your argument.

Mr. HAMILTON (reads):

First. That the duty on still wines from France, Germany, Portugal, Spain, and all other reciprocal countries remain at the same rate of 35 cents per gallon and $1.25 per case as now in force.

Second. That the duty of $6 per case on champagnes and all other sparkling wines from the above-mentioned countries remain as they are.

Third. A reduction on wines and spirits, manufactured or distilled in Great Britain and colonies, to conform to the rate levied on wine and spirits from countries enjoying reciprocity with the United States, viz, $6 per case on champagne and other sparkling wines, $1.25 per case on still wines, 35 cents per gallon on still wines, $1.75 per proof gallon on spirits: *Provided, however*, That the wine or spirits that are to enjoy this rate of duty shall be manufactured or distilled in Great Britain and colonies only; otherwise the present existing rate of duty of $8 per case on champagne and other sparkling wines, 50 cents per gallon on still wines, $1.60 per case on still wines, $2.25 per proof gallon on spirits be levied.

Fourth. That the same allowance for leakage or evaporation be granted to foreign spirits as is granted to domestic spirits in bond under the provisions of the present internal-revenue law, and that the bonded period should be extended for foreign spirits from three to eight years, as provided at present for domestic spirits.

Fifth. Privilege of paying duty, only on still wines imported in bulk, on actual quantity shown on gauge at time entry is made for consumption.

That is a very short proposition, but it is an exceedingly important one. (Reads:)

Sixth. An allowance of 5 per cent for breakage be granted on all foreign wines, spirits, beer, and ginger ale imported in bottles and jugs.

Seventh. The proof gallon should be basis for calculating duty on spirits and an allowance be made for every degree under proof the same as is charged for every degree above proof.

Eighth. That no duty be levied on the bottles containing spirits.

Ninth. The duty on the importation of samples of sparkling and still wines, spirits, ginger ale, and all malt liquors in less quantities than one dozen bottles to be calculated at the pro rata duty levied upon a full case.

Tenth. A provision of law permitting the sale free of duty to foreign vessels trading with foreign ports of wines, spirits, ginger ale, and all malt liquors, as is now the case with such American vessels, under the law of June 16, 1884.

The above recommendations are the tentative ones submitted by the legislative committee of the Wine and Spirit Traders' Society, and any additional ones that we may have will be presented at the time that your honorable body appoints to give our trade an opportunity of presenting its further views with arguments. We respectfully request that the hearing be set for a day not shorter than two weeks from the date of the presentation of this brief.

Respectfully,

E. C. La Montagne, *Chairman, of E. La Montagne Sons.*
Henry E. Gourd.
Adolph de Bary, *of Fred'k de Bary & Co.*
F. G. Herman Fayen, *of Chas. F. Schmidt & Peters.*
William B. Simonds, *of F. O. De Luze & Co.*

Attest:
Thomas S. Leoser,
Secretary pro tem.

The same line is followed by the petition from the Italian Chamber of Commerce, which, if I am not limited as to time, I will read. It will take, perhaps, fifteen minutes to read the petition, if you gentlemen will permit.

Mr. Clark. Is this Italian Chamber of Commerce a New York concern?

Mr. Hamilton. Yes, sir.

Mr. Clark. That is all; I just wanted to know.

Mr. Hamilton. Shall I read the petition?

The Chairman. Take your own course.

Mr. Hamilton. It is rather long and I do not want to burden the committee, but I think it is really a matter of interest.

The Chairman. If you prefer to have the petition printed without reading, of course, it will be agreeable to the committee.

Mr. Hamilton. I can read the petition in perhaps fifteen minutes.

The Chairman. Proceed to read it.

Mr. Hamilton (reads):

Memorial of the Italian Chamber of Commerce in New York against any increase in the duties on wine and spirits and indorsing the reciprocity policy of the present tariff.

The Italian Chamber of Commerce in New York, representing the Italian-American trade averaging to a yearly value of about $100,000,000, as well as the commercial and industrial interests of a population of about 400,000 Italo-American citizens living in this city who, by reason of their industry and labor, are second to none as a factor of prosperity and as consumers of both domestic and imported produce, welcomes the opportunity of this hearing to express its views and submit its recommendations to this honorable committee on the subject of tariff legislation as related to Schedule H, on wines and spirits, now under consideration.

From the outset this chamber desires to state that it is not opposed to any reasonable tariff, but that it believes in the main on the principle that such duties should prevail as to balance the difference in the cost of labor between the United States and foreign countries. What this chamber opposes is the enactment of excessive or prohibitive duties which, while objectionable in themselves, by reason of fiscality, would be prejudicial to all concerned; to domestic production first, as an excess of protection can not but destroy that healthy stimulus of a possible competition from which alone can be expected that endeavor to a higher standard of industry which is in the interest of the industry itself; to revenue, as the prohibitive nature of too high duties would destroy importations and the revenue therefrom; to foreign trade, which would be unjustly discriminated against and thus probably provoke retaliation from

foreign countries, which is to be avoided; and last, but not least, to the consumers, who represent by far the majority of the body politic and whose interests are entitled to as much, if not greater, consideration at the hand of the legislator as those of any other class, however influential it may be.

This chamber, we may add incidentally, is also opposed to high duties on articles such as are not produced in this country or can not be produced to any great extent or with the desired characteristics required by consumption, through the absence of certain natural or economic factors which can not be remedied through the instrumentality of the tariff.

It is from the tactful compromise of the interests represented by the various elements which have to be considered in framing a tariff law that such economic legislation can be devised as will be consonant with the actual requirements of the country and will give a maximum of beneficial results with a minimum of dissatisfaction.

In line with the principles above stated, we will consider Schedule H of the present tariff regarding wines and spirits, and separately the duties on still wine from those on sparkling wine. The present rate is 40 cents per gallon on wines in casks and similar packages not containing more than 14 per cent of alcohol by volume, and 50 cents per gallon on wines containing more than 14 and no more than 24 per cent of alcohol by volume. This rate has, by reciprocity agreements with certain foreign countries, such as France, Germany, Italy, Spain, Portugal, etc.,—

And also Holland and Switzerland, I believe.

which have made equivalent tariff concessions to the products of the United States, been reduced to the uniform rate of 35 cents per gallon, a reduction ranging from 12.5 to 30 per cent, the reciprocity rate being, however, 16.7 per cent higher than the preceding tariff law, when the rate was 30 cents per gallon.

The present tariff gives a protection of 35 cents per gallon to the domestic product. We consider this ample protection, being equivalent to about 100 per cent on the average price (36½ cents per gallon) of California wine sold at New York, its most important eastern market. The protection that this rate of duty gives to California wine at its origin is even higher than 100 per cent. Taking, in fact, the price of ordinary red California wine at its origin at 20 cents per gallon, plus 6 cents for cooperage, total 26 cents, and that of the standard claret of California at its origin at 25 cents per gallon plus 6 cents for cooperage, total 31 cents, it will be seen that the protection in the case of ordinary red California wine equals 136.6 per cent and in that of standard California claret equals 112.9 per cent.

The California interests allege that "California wine pays a duty of 7½ cents per gallon freight charges to get to New York and other eastern markets, while the cost of bringing foreign wines by sea to the same markets is only about 2½ to 3 cents per gallon."

Regarding this allegation we must note that the argument of the California interests is delusive and their statement not according to facts, because of the following reasons:

First. Because the freight charge of 7½ cents per gallon relates only to shipments by railroad, while one-half of the California wines shipped to eastern markets comes by sea, in which case the ordinary rate is 5½ and sometimes as low as 4½ cents per gallon.

Second. Because, in stating the freight on foreign wine, the California interests give only the maritime freight and not the inland freight that such wine has to pay from its place of production to the shipping port, a freight which, on the average, equals and often surpasses the maritime freight.

Mr. CLARK. How much is the maritime freight on European wines to New York?

Mr. HAMILTON. Seven and a half cents a gallon.

Mr. NEEDHAM. You do not mean 7½ cents?

Mr. HAMILTON. From Europe to New York the rate is 2½ cents.

Mr. CLARK. And how much is it from California by sea?

Mr. HAMILTON. Four and a half to 5½ cents.

Mr. CLARK. Coming across the continent on the railroad it is 7½ cents?

Mr. HAMILTON. Yes, sir.

Mr. CLARK. What proportion is the inland rate?

Mr. HAMILTON. If you are going into the question of the cost of production from the point of production to the point of sale, then you must add to the maritime freight the inland freight that is also paid from the point of production.

Mr. CLARK. How much is that, on the average?

Mr. HAMILTON. I had just reached that point. (Reads:)

Because, in stating the freight on foreign wine, the California interests give only the maritime freight and not the inland freight that such wine has to pay from its place of production to the shipping port which, on the average, equals and often surpasses the maritime freight.

That is to say, 2½ cents or 3 cents added to 2½ cents which it costs to get it there would make the freight on the Italian wines 5 or 5½ cents landed in New York, almost the exact equal of the freight on the California wines coming by sea.

Mr. CLARK. How could that be with those small countries which can not be very far from any port?

Mr. HAMILTON. That is due to the fact that they charge a great deal more for transportation by freight in Europe than in this country. We take a longer trip for very much less money than you can take a short trip in Europe.

Mr. CLARK. They argued on the rate bill that the freights were cheaper in Europe than here.

Mr. HAMILTON. I presume that each interest argues in its own favor.

Mr. HILL. You do not consider the inland freight on California wines?

Mr. HAMILTON. No; because we did not know what that was. It is something, of course. There is an inland freight there.

Mr. NEEDHAM. Do you not think it will average more than the freight in Europe?

Mr. HAMILTON. I should not say so from my, perhaps, desultory knowledge.

The CHAIRMAN. I have a notion that the California freights are much higher than the eastern freights in the United States.

Mr. HAMILTON. They are, Mr. Chairman, no doubt, but the distances to freight the wines in California are comparatively short. A very large portion of the California products, unless times have changed in the last fifteen years, is raised within horseback riding of Los Angeles.

Mr. CLARK. Is not most of the wine country in Europe adjacent to the sea or navigable water?

Mr. HAMILTON. No, sir; I do not believe it is adjacent to the sea or navigable water, but if you mean from three to five hundred miles, I will say yes.

Mr. UNDERWOOD. Is not a large proportion of the German wine made on the Rhine?

Mr. HAMILTON. Yes, sir.

Mr. CLARK. There is not a producing country in Europe as large as California?

Mr. HAMILTON. No, sir.

Mr. CLARK. How does it happen that the California points are on the sea and the foreign points are not?

Mr. HAMILTON. As a matter of fact, I think you know as well as I do that the California towns are on the sea, most of them; Los Angeles, Cal., and the immediately surrounding territory are not away back in the country.

Mr. CLARK. The big towns are on the seacoast, but they do not raise wine in the towns.

The CHAIRMAN. As I understand, on the Rhine they have inland transportation by water. Do you know what the freight is?

Mr. HAMILTON. I do not have that data at hand, but we can submit an itemized statement of that to the committee later on. (Reads:)

Their statement is therefore inexact, because incomplete, also on account of the fact that it omits to add other items of expense in the shipment of foreign wines and from which California wine is exempt, such as loading and unloading charges at the shipping port, cost of customs entry, cost of consular invoice and certificates, which items alone, in the case of small shipments prevailing in the importation of wines from foreign countries, are equivalent to an outlay, conservatively estimated, of at least 1 cent per gallon. From actual fact the total freight charges, including inland freight in Italy (averaging about 3 cents per gallon), maritime freight and contingent expenses (4½ cents per gallon from Genoa to New York) on foreign wine shipped from its place of origin to New York, amount to about 7½ cents, and equal the railroad rate on California wine to eastern markets.

Of course, gentlemen, I appreciate that I am bound entirely by the paper from which I am reading. I am not a wine importer and I do not know anything about it except what information I have received from my clients. As to the question which has been put to me as to specific expenses and charges, I will see to it that full answer is supplied to the committee when I submit a further brief. (Reads:)

Third. Because if the California growers have to pay a freight charge of 7½ cents to bring their wine by railroad from San Francisco to New York, the importers of foreign wine have to pay a much higher freight rate in bringing their wine from New York to San Francisco and other western markets. The consumption of foreign wines is not limited to the Atlantic seaports, but they are distributed all over the country. Therefore when it is considered that foreign wines to reach New York have to pay a freight equal to that paid by California wines in reaching the same market, and that they have to pay an even higher freight to reach the western markets, it will be seen that in the matter of freight the discrimination is really against foreign wines, which thus pay practically an additional duty of at least 10 cents per gallon.

Suppose we sell wines in the Middle West. We pay, say, two and a half cents to get it to New York, and we pay 2, 3, or 4 cents to get it to the Middle West, while the California wine comes from California to the Middle West for 4 cents.

Mr. CLARK. We make our own wines in the Middle West.

Mr. HAMILTON. We sell some wines out there.

Mr. CLARK. Not very many wines.

The CHAIRMAN. Do not foreign wines have the benefit of through rates to points in the United States?

Mr. HAMILTON. I think so; doubtless.

The CHAIRMAN. And are not those through rates adjusted in such a manner as to give a less rate from New York City to the point of consumption than the domestic wines get?

Mr. HAMILTON. I have no doubt of that.

The CHAIRMAN. Do you know what that difference is?

Mr. HAMILTON. I can not tell you. I know you are right in that statement. (Reads:)

In straightening out facts regarding imported wines, this chamber desires to enter a most emphatic denial to the mendacious statement circulated through the press in the interest of those claiming higher duties that "even under the present tariff duty immense quantities of cheap foreign wines are shipped into the United States and sold at the same price as our cheapest wines."

This is not so, and this chamber challenges proof thereof. There is no foreign wine sold at the price of our cheapest domestic wines, which would be from 31½ to 36½ cents per gallon. It is impossible to lay down standard imported wine, with the present market conditions obtaining in Italy, for less than 70 cents per gallon, actual cost, in New York. Although it is true that there are cheap ordinary wines sold in Italy to-day at about 10 cents per gallon naked on the spot, it is also an indisputable fact that wines of this grade are not fit for shipment and are not shipped beyond the seas, because on account of their low alcoholic strength and other reasons they could not stand transportation. Wines of this grade do not absolutely find a market in the United States and are fit only for local consumption or for the still.

Mr. CLARK. Do I understand that they get cheaper rates from the Atlantic seaboard to the inland points on foreign wines than on domestic wines?

The CHAIRMAN. It amounts to that by making the through rates from Europe to the point of consumption. I know that similar rates are made on other imported goods, and I suspect it is so with wines.

Mr. HAMILTON (reads):

The wines shipped to this country are wines of standard quality, of high cost already at their origin on account of the choice variety of grapes from which they are obtained, of the cares bestowed upon them in their making, and of the ageing that they have to undergo before being shipped to this market; they must be wines capable of standing the vicissitudes of a long sea journey and possessing such qualities as will satisfy the requirements of the consumers of imported wine, which are for wines of a higher grade of quality than the bulk of domestic wines. Unless the wine imported is of a decidedly higher grade of quality than the domestic, it would not be demanded and it could not stand the disadvantage of the duty.

The wines which are shipped from foreign countries to the American market are the best grades, which, notwithstanding the crisis that has affected the wine industry of Italy and France on account of two exceptionally abundant vintages, have maintained their price, and are altogether a different class of products from the common cheap wines or "vin du pays" that supplies the everyday consumption of the working classes, quotations of which find their way, as in the case of other ordinary staple articles, in press bulletins. Quotations of wines of the grade required and shipped to this market are obtainable only through special application to the shippers.

Let us give some examples that will show how foreign wine of the grade required by this market can not be laid down in New York for less than 70 cents, actual cost, and in most cases for not less than a higher figure:

Barbera, for instance, one of the most popular Italian brands shipped in bulk to this market. This wine is quoted to-day at its place of origin, say Canelli, at 50 lire per hectoliter naked, i. e., about 40 cents per gallon. Add to this figure 5 cents for cooperage, 2 cents for inland freight, 4½ cents for maritime freight and contingent expenses from Genoa to New York, and 35 cents for duty, and you will see that it costs at New York 86½ cents per gallon, duty paid, without, however, the profit of the dealer.

Let us take another example—that of Gragnano, a popular southern wine. It costs in Italy naked on the spot at least 28 cents per gallon, plus 5 cents for cooperage, 2 cents for inland freight, 4½ cents for freight and contingent expenses from Naples to New York, and 35 cents for duty, which makes its cost laid down in New York 74½ cents per gallon, to which the 5 per cent profit of the wholesale dealer should be added.

Even from the south of Italy, the section where prices of wine are lowest on account of the crisis caused by overproduction of ordinary wines, no wine is

shipped to the United States that costs at its origin less than 20 cents per gallon, to which, when the high inland freight charges prevailing in that section and due to the difficulty of communication (often as high as 4 and 5 cents per gallon) and the other items of charges as above specified, are added, it will be seen that the cost of such wine at New York comes to be about 70 cents per gallon.

To demonstrate that the low prices prevailing in Italy for ordinary wines locally consumed, and absolutely not shipped to this country, have not affected the market prices of the standard wines shipped and sold on this market, we quote from the market report of the bulletin of our chamber the following wholesale quotations for some of the principal denominations of Italian wines at New York: Barbera, from $0.85 to $1.05; Chianti, from $1 to $1.10; Gragnano, from $0.75 to $0.90; Cilento, from $0.75 to $0.90. (Date of above stated quotations, October 12, 1908.)

From the foregoing it is evident that no fear need reasonably be entertained of the American markets being flooded with cheap foreign wines at the present rate of duty, which is more than sufficient to prevent it. Far from such flooding of the market, the importation of Italian wines into the United States, instead of increasing during the current calendar year, when prices were lowest in Italy, has decreased about 30 per cent, while it should have increased if the facts were as alleged by the claimants for higher duties.

This chamber is confident that this committee will recognize the present rate of duty on foreign bulk wines as ample for the protection of American growers, and that any further increase would be grossly unfair not only to foreign producers, but also to the consumers in this country, the limit having been reached beyond which the duty would act not as a protective but as a prohibitive tariff.

Foreign wines do not compete with domestic wines, as too wide is the range of difference in price to substantiate any competition. Italian wines in this country supply an occasional demand from the Italian element of our population, the very people who are the best consumers of domestic wines, and who desire once in a while the wine that reminds them of the old country, which is far more to the interest of domestic producers than if this people were to go back to Italy for it, and who would justly resent any attempt to deprive them of such commodity by a prohibitive price consequent upon an increase of duties, for it must not be forgotten that this class of consumers, while industrious and thrifty, is, however, not wealthy.

The allegation, made by some California interests at the trans-Mississippi congress held on October 10 at San Francisco, that "the domestic wines are outlawed and their place is taken by foreign wines imported under reciprocity at a rate of duty per alcoholic content which is only two-thirds of our internal-revenue tax on domestic spirits," is absolutely without foundation, the opposite being in fact the truth. While California wine can be fortified with spirits that are practically exempt from revenue tax, save a small charge of 3 cents per proof gallon, the imported wines in paying duty pay on their alcoholic content at the rate of two-thirds of the revenue tax on spirits. Is it not, therefore, the foreign product that pays while the domestic goes practically free? And, if the standard of taxation for wine is to be the alcoholic content as related to the revenue tax (which, however, can not be recognized as a principle applicable to the taxation of wine), then, we ask, Why such discrimination against foreign wines and in favor of the domestic product?

California, as well as the other wine-growing districts of the United States, can not claim not to have profited by the enactment of the present tariff, which has greatly stimulated their industry and put it on a very paying basis, as proven by the increase in the acreage of vineyards in California and elsewhere and the satisfactory prices paid nowadays for California wines and eastern grapes. With such natural advantages as California possesses over foreign countries in vine growing, on account of the higher productiveness of its virgin soil, giving easily without fertilization 5 and more tons to the acre (an average far above that of the old countries, where land is exhausted and requires expensive fertilization to make it responsive); on account of the practical freedom from vine pests, which in the old wine-growing countries of Europe have to be strenuously combated at great cost in order to secure a crop; on account of freedom from heavy land taxes, advantages these which offset the higher cost of labor, also offset by the greater application of machinery and by the increase in the cost of labor in the old countries of Europe by reason of emigration, the protection of 100 per cent that is given to the California and other domestic product by the present rate of duty is reasonably ample without any

further increase, which would be fraught with the danger of stimulating those combinations called monopolies or trusts that are not to the interest of consumers.

An industry such as the wine industry of this country, that in the comparatively brief space of a half century has attained an area of 350,000 acres of vineyard and represents $100,000,000 of invested capital, is no longer an infant but an adult and prosperous industry, which needs no further increase of protection, as that already enjoyed has proven so beneficial to it.

The domestic wine interests enjoy already more protection than is really necessary for the success of their industry, which must be sought in commercial enterprise and the improvement of the quality of the product, and thus in their ability to obtain higher prices and not in a prohibitive tariff. The abuse that they make for some of their wines of denominations and style of packages which are the traditional property of reputed foreign districts, thus faring under French, German, Italian, or Spanish names and not under their own flag, shows what is to be expected from high protection, and furnishes the reason of their anxiety to obtain higher duties against foreign wines, so as to exclude from the American market the genuine products.

Foreign wines are needed in this country to meet the requirements of the demand, especially when the home production, through poor or scarce vintages, is not sufficient to supply the home demand. The supply of foreign wines, made possible by a not unreasonable tariff as the present, is the best safeguard against consumers of wine driving to other beverages, which has a high social significance, as it is an admitted fact that the consumption of light wines with meals is promotive of temperance, and the best means to fight the evil of drunkenness so common with the consumption of alcoholic beverages of a different nature. Such safeguard would cease to exist if the duties on wine were increased.

This chamber believes that the reciprocity clause was one of the wisest measures framed in the present tariff law, inasmuch as by maintaining an ample measure of protection to home industries it gave the United States the means whereby to extend its commerce abroad. If a balance were made of the advantages derived by this country through the enactment of such measure in comparison with those derived by foreign countries having reciprocity treaties with the United States, it would be found that the United States have had by far the better part of the deal. That reciprocity clause stands as evidence of the farsighted economic policy of the framers of the present tariff law, and the prosperity shown by the very industries interested shows that it did not harm them in the least, while it has helped greatly the development of American trade with foreign countries.

The claim of the domestic makers of sparkling wine that the reduction from $8 to $6 of the duty on champagne is prejudicial to their industry on account of the high prices paid for grapes, as much as $80 per ton is, to say the least, exaggerated, because prices as high, if not higher, are paid for champagne grapes abroad, especially this year that the crop of such grapes has been scarce. The difference in price between foreign champagne (selling around $30 per case) and domestic sparkling wine (selling about $12) is so wide that it appears at first sight how a reduction of $2 in the selling price of foreign champagne, made possible by the reciprocity treaties, is immaterial from the standpoint of competition in the sale of these commodities, as different is the position that these two classes of sparkling wine hold in supplying the needs of the American consumer. They are catered, respectively, to a different class of consumers, as evidenced by the difference in prices.

Likewise, in the case of sparkling Lacrima Christi, an Italian wine, which sells at $18 a case, it would not be the reduction in price of $2 per case, if a reciprocity agreement were entered into with Italy, that could prejudice the market of American sparkling wine selling at $12 per case.

The conventional duty of $6 on French and German sparkling wines is none too low, as it gives a protection of 120 per cent to the American product, which on the basis of grapes costing $80 a ton and even allowing 100 per cent as the cost of manufacture, and making all allowance for breakage and interest on the invested capital, cost to produce about $5 a case.

It is a well-known fact that certain California white wines sold to the eastern makers of sparkling wine at about 40 cents per gallon are utilized in the cuvée of domestic sparkling wines, which factor counterbalances the present rather high cost of the eastern champagne grapes.

The high duty of $8 per dozen that has still to be paid on Italian sparkling wines practically shuts them out from the market of the United States.

I feel that that point is one that the committee might give serious attention to. The reciprocity treaties that have been made extending the privilege to French and German champagnes have not in the case of Italy been extended to sparkling wines. Just why I am unable to say, but it does seem a clear injustice. No possible injury could be done to the American trade by the extension of the privilege to the sparkling wines of Italy as it has been extended to the sparkling wines of these other countries. (Reads:)

No sparkling wine having the typical characteristics of the Italian Moscato, Nebbiolo, etc., are produced, nor can be produced in the United States for technical reasons which it would be superfluous to state here. These sparkling wines are not exactly what would be called a luxury, as their cost of production is moderate, and for that they would come within the reach of consumers in fair circumstances. At present, however, their importation is killed by the high duty of $8, which amounts in the case of these wines to an increase over the original cost of at least 150 per cent. No benefit derives to domestic producers from the impossibility to import these types of sparkling wine which can not, as stated, be produced in the United States, while a considerable loss derives to the revenue and consumers are unreasonably deprived of a commodity that should not be taken away from them simply through excessive fiscality.

This chamber, among the other recommendations submitted, desires to call the attention of this committee to an unjust feature of the present tariff law regarding the mode of collecting duties on wines and spirits, viz, the proviso contained in paragraph 296, running as follows: "And provided further, That there shall be no constructive or other allowance for breakage, leakage, or damage on wines, liquors, cordials, or distilled spirits."

The committee will know that this is the same proposition that the Wine and Spirit Traders' Society referred to. They all refer to this paragraph 296 and to the sentence therein contained, which limits or forbids any constructive allowance for breakage, leakage, or damage on wines, liquors, cordials, or distilled spirits. (Reads:)

This proviso has been the cause of numberless and vexatious controversies between importers and the collectors of duties at the various ports regarding the payment of duty on merchandise actually not received by the importers through leakage, loss, or damage of other kind. The strictness with which it has been enforced has proven greatly prejudicial to the interests of importers and consumers, who have been compelled to pay duty on merchandise not received through no fault of their own, and have thus been subjected to a gross injustice. It should therefore be abolished, or at least modified according to justice, or, better still, substituted by a proviso that "the duties on wines or spirits in bulk shall be collected on the amount of merchandise actually received and gauged by the United States customs officers."

That is the theory of the law, as I understand it, anyway, that we do not propose to levy a duty on something that does not come into the country. If you brought over here a barrel marked "Gin," and it was empty, except for the law I question whether any gentleman on the committee would believe there should be charged a duty on the empty barrel, but that is what is done. (Reads:)

From the foregoing this chamber trusts to have demonstrated to the satisfaction of this committee that any increase of the already high rates of duty at present obtaining on wines and spirits would be unwise and unwarrantable, not only from the standpoint of the interest of consumers, which must not be left entirely at the control of domestic producers, but also from the standpoint of reasonable protection to the American wine industry, which has prospered and is prospering under the present régime. We indorse fully the reciprocity rates and policy followed by this country, and hope for their continuance in the future within a still wider scope, so as to include other articles which are not produced in the United States or are yet produced in insufficient quantity or quality for the requirements of its consumers, especially when considering their cosmopolitan character.

Our conclusion, therefore, is that the present conventional rates of duty on wines and spirits be maintained unaltered, if it be not possible to reduce them in the interest of consumers, and our recommendation in the matter of tariff legislation may be summed up in this motto: "Let well enough alone."

For the Italian Chamber of Commerce in New York:

E. MARIANI, *Vice-President.*

E. PERERA, *Wine Committee.*

All of which is respectfully submitted.

The CHAIRMAN. Have you discussed this question at all from the revenue standpoint?

Mr. HAMILTON. Not in these papers; no, sir.

The CHAIRMAN. Wine is a pretty good revenue producer and has been considered very profitable from the revenue side.

Mr. HAMILTON. I quite agree with you.

The CHAIRMAN. This schedule is a very good revenue producer.

Mr. HAMILTON. That is the reason we indorse the present schedule.

The CHAIRMAN. You want some modification which amounts to a substantial reduction?

Mr. HAMILTON. Only on a few specified wines, but we do believe, if you see fit to raise the general rate of duty, that you will kill the goose, or that you will limit very decidedly her laying capacity. I think you are getting more money at the present time than if the rate was raised. In submitting a brief, if I may be permitted, I will give the data on that particular point.

The CHAIRMAN. Of revenue?

Mr. HAMILTON. Yes, sir.

The CHAIRMAN. Of course, we can get that.

Mr. HAMILTON. I can get that, as I am only a short distance from the custom-house.

The CHAIRMAN. I would like to see the amount of imports in 1895 or 1896, before the enactment of this law, compared with the domestic production, and also the imports in 1907, when things were normal before the panic, compared with the domestic production.

Mr. HAMILTON. I am very much obliged for the suggestion, and I will see that the data is filed with the committee.

Mr. UNDERWOOD. Will you please state what experience you have had in the wine business?

Mr. HAMILTON. Absolutely none, except to drink a little now and then, when somebody else has bought it. I have also acted as lawyer to the collector for the last six years, and have tried to compel a lot of people to obey the law.

Mr. UNDERWOOD. I would like to ask whether, from your experience, if this duty was increased it is your judgment that it would cut off the revenue?

Mr. HAMILTON. From such examination as I have made, sir, during the past thirty days since the matter has come to my care and attention, I am inclined to believe it would. I am inclined to believe it would, along the same line that every lawyer is inclined to believe in his client's interest, but I will, as suggested by the chairman, submit to the committee before December 4 the facts from which you can reach your own conclusion, which will be better than any I can offer.

Mr. UNDERWOOD. Is there any real competition—of course there is some—but is there any real competition between the sparkling wines

produced in Europe and those produced in America? Do they not have a separate market that they sell to?

Mr. HAMILTON. I think they do; yes, sir.

Mr. UNDERWOOD. Suppose Congress should determine to adopt a maximum and minimum rate; how would that affect this question? Where do you think the maximum should be placed and where the minimum?

Mr. HAMILTON. I think that perhaps the maximum might be somewhat higher than the present tariff, and the minimum quite some lower.

Mr. UNDERWOOD. When you furnish the other data, will you please furnish the committee with your views on that proposition?

Mr. HAMILTON. If the committee so desires, I will. Unless I should have occasion, after further investigation, to change my views, I will supply that information. I think one thing that Congress should look after very carefully in the passage of a maximum and minimum tariff bill is that we are not making enemies where we now have friends, because with Great Britain such a bill would work, if not injustice, certainly great irritation, as she has nothing to offer to us and therefore could not, under any circumstance, obtain the minimum rate. I believe that the productions of Great Britain should have the same minimum rates which are granted to the productions of Holland. For instance, take Plymouth gin, and you bring it in and pay $2.25 a gallon, and you bring in Holland gin, which is manufactured just across the channel, practically the same liquor—a man with his eyes shut can not tell them apart unless he knows the particular brand—with the same alcoholic strength, and they bring theirs in for $1.25, because of the treaty recently made with Holland. It seems to me that is most unjust to Great Britain.

Mr. UNDERWOOD. What distinction do you draw between reciprocity and the maximum and minimum tariff?

Mr. HAMILTON. There is no question, in my judgment, as to the theoretical propriety of a maximum and minimum tariff based upon reciprocity. The question which I believe Congress has got to work out for its own salvation and the benefit of the country is whether such a tariff can be made without doing greater injury than good. Theoretically free trade is all right; practically I do not believe in it.

The CHAIRMAN. How are we going to meet the maximum and minimum tariffs of France and Germany and all the other nations except Great Britain?

Mr. HAMILTON. I suppose that is a proper question, but I am inclined to say, as I have said to the court once or twice, "it seems to me it is up to the committee."

The CHAIRMAN. My idea of the maximum and minimum tariff is that it would work out the very thing you contend for, putting Great Britain on the same plane with the other countries which have given us the benefit of a minimum tariff.

Mr. HAMILTON. I am with you on that point.

Mr. BOUTELL. You represent what might be called the wholesalers or jobbers in the wine trade?

Mr. HAMILTON. They are importers and wholesalers.

Mr. BOUTELL. But not the producers?

Mr. HAMILTON. And I represent the Italian Chamber of Commerce. They represent the producers and importers.

Mr. BOUTELL. But you do not represent any domestic producers?

Mr. HAMILTON. No, sir.

Mr. BOUTELL. Do you know whether there is any plan of combination on the part of the American wine producers as to uniformity of price?

Mr. HAMILTON. That is a question I have never had put to me before, and I absolutely have no personal knowledge.

Mr. BOUTELL. Have you any reason to suppose that there is any such effort?

Mr. HAMILTON. Nothing of that sort has ever come to my knowledge in any way.

Mr. BOUTELL. One or two expressions used in the memorial seem to me to need some elucidation. They speak of prohibitive rates. As a matter of fact, is it not true in such an article as wine that it depends on the individual taste and that there are no present rates that could be called prohibitive. In other words, is there any domestic wine that has an absolute replica in a foreign wine?

Mr. HAMILTON. No, sir.

Mr. BOUTELL. It is a matter of taste?

Mr. HAMILTON. Absolutely so.

Mr. BOUTELL. And if it suits the consumer's individual taste and he wants it, he buys it?

Mr. HAMILTON. Yes, sir; if he has the money to pay for it.

Mr. BOUTELL. They speak of the interests of the consumer. The rate on wines is 35 cents a gallon, about 9 cents a full quart, but you pick up the bills of fare, the wine lists, and there certainly is a much greater difference in the cost than 9 cents a bottle between what seems to be domestic and foreign wines.

Mr. HAMILTON. I do not think you are correct. That is so, if you speak of the New Astor Hotel and the Holland House and a few other places where a man can squander his money, but if you go to the importers, a man who imports his wines in the wood, I think you will find that there does not exist such a difference between the American and foreign wines.

Mr. BOUTELL. That must be at a very limited number of places.

Mr. HAMILTON. Of course, I do not wish to raise any argument upon the selling price to the individual consumer at a restaurant table, because there the proprietor will get just as much as he can get every time, but if you buy a wine from an importer or from a wholesaler, there is the place to compare the two costs.

Mr. BOUTELL. What I am trying to get at is whether there is any solid foundation in this case, as in many others, for these changes based upon the benefit to the consumer. Now, take the case of sparkling wines at $8 a case. That is a difference of 66 cents a full quart. Everyone knows, whether he uses it or not, that the difference between the best domestic champagne and the foreign champagne to the consumer is $2 a quart instead of 66 cents.

Mr. HAMILTON. That is very true. The foreign champagne costs a great deal more to produce than the American champagne; the cost of the product is two or three times greater. If you are referring to still wines, then I agree with you that the consumer does not get the benefit, but it is not only in wines. If you increase the tariff the consumer pays it, and every time you reduce it some other person gets the benefit. You can not change that.

The CHAIRMAN. What do you refer to—French champagne?

Mr. HAMILTON. Yes, sir. That is sold at $3.50 and $4 a bottle. Its original production costs much more than the American champagne, but in the case of the still wines I do not think there does exist such a difference in the original cost of production.

The CHAIRMAN. Have you figures covering that or do you speak offhand?

Mr. HAMILTON. I am speaking offhand.

Mr. CLARK. Mr. Boutell was asking you about full quarts. There is not any such thing as a full quart bottle in the United States outside of Texas; at least Doctor Wiley says not.

Mr. HAMILTON. That is what I say, too.

Mr. CLARK. You spoke about the taste of the consumers of wine. There is not one out of 10,000 who can tell one wine from another.

Mr. HAMILTON. No, sir; unless he looks at the label.

Mr. CLARK. He can not tell by tasting the wine?

Mr. HAMILTON. I do not think he can.

Mr. CLARK. When you file your brief, I wish you would go into the question of freight rates. It seems to me, just on the first blush, that you have the matter wrong.

Mr. HAMILTON. I will try to substantiate the statements made here. I beg the committee to believe that, while I did not prepare this paper myself, I am perfectly willing to stand sponsor for it, and that under no circumstances would I offer verbally or in writing any statements that I do not positively believe are statements of fact, and I propose, in the subsequent brief which I shall file, to determine these facts.

Mr. CLARK. What the committee wants is accurate information.

The following statement was submitted by Mr. Hamilton:

CHANGES DESIRABLE IN TARIFF BILL.

Schedule H.

Paragraph 296: Eliminate text reading: "*And provided further*, That there shall be no constructive or other allowance for breakage, leakage, or damage on wines, liquors, cordials, or distilled spirits." This phraseology has been construed by the department and by the courts to forbid any allowance to be made for leakage or wantage due to any cause whatever, even though it may have occurred while goods were in transit. As a result of this construction of the law, an allowance of 2½ per cent only of the capacity of a cask or of the invoiced contents is made for "normal" outage, by which is meant evaporation and absorption, and duty is charged on not only the actual quantity contained in the casks upon arrival, but also upon the wantage in excess of 2½ per cent of the capacity or invoiced contents of casks. When a cask arrives entirely empty, no duty is charged thereon, as it is considered a nonimportation, but if there be any of the contents therein, duty is figured upon the same basis as though it were in normal good condition.

If possible, an allowance should be made for natural evaporation or absorption upon wines and liquors in bulk between the time of their importation and their withdrawal for duty payment; and unusual loss through leakage or other causes while in customs custody should also be allowed for. If this be impracticable, then a sliding scale of allowance for shrinkage should be made upon goods while in customs custody, i. e., between the time of arrival and the payment of duty. A similar allowance is made for a period extending through seven years on spirits of American distillation while in the custody of the internal-revenue department, and a similarly graded allowance should be made for shrinkage on imported wines and liquors. Upon American wines there is no provision made for shrinkage, as they are not subject to any tax at any time, and their shrinkage or otherwise is a matter of indifference to the Government.

Par. 296. "Wines, cordials, brandy, and other spirituous liquors, including bitters of all kinds, and bay rum or bay water imported in bottles or jugs, shall be packed in packages containing not less than one dozen bottles or jugs in each package, or duty shall be paid as if such package contained at least one dozen bottles or jugs, and in addition thereto duty shall be collected on the bottles or jugs at the rates which would be chargeable thereon if imported empty." This paragraph should be eliminated, as it compels the payment of duty on one or two or three bottles that may have been imported as samples at the same rate as though there were one dozen bottles.

Par. 299. "Cherry juice and prune juice or prune wine and other fruit juices not specially provided for in this act containing no alcohol or not more than 18 per cent of alcohol, 60 cents per gallon; if containing more than 18 per cent of alcohol, 60 cents per gallon, and in addition thereto, $2.07 per proof gallon on the alcohol contained therein." This should be raised to 20 per cent of alcohol, as fruit juices must contain very nearly, if not quite, 18 per cent of alcohol to prevent their fermentation, unless some preservative is added, which would be contrary to the provisions of the pure-food law. Fruit juices during certain seasons of the year are likely to increase in alcoholic strength while in transit, so that even though they may contain less than 18 per cent of alcohol at the time of shipment, they are not unlikely to slightly exceed this limit at the time of arrival. If the other alternative of shipping at a lower alcoholic strength be adopted, the fruit juice is very likely to ferment in transit, causing the casks to burst or spread so that the contents are partially or wholly lost. The limit of alcoholic strength should therefore be increased to 20 per cent, which would make it entirely safe to ship fruit juices without making them liable to an additional duty which is absolutely prohibitive.

SEC. 3. We ask to have equal rates of duty on British liquors with those of all other countries.

STATEMENT OF MR. PERCY T. MORGAN, OF SAN FRANCISCO, CAL., ACCREDITED REPRESENTATIVE OF THE GENERAL COMMITTEE ON TARIFF REVISION OF THE STATE OF CALIFORNIA, OF THE MANUFACTURERS AND PRODUCERS' ASSOCIATION OF CALIFORNIA, AND OF THE GRAPE GROWERS OF CALIFORNIA, A MUTUAL ORGANIZATION FOR THE PROTECTION AND ADVANCEMENT OF THE CALIFORNIA WINE INDUSTRY.

Mr. MORGAN. I represent the general committee on tariff revision of the State of California, which was appointed at the instance of the governor of California, for the particular purpose of presenting questions on the wine schedule. I also represent the Manufacturers and Producers' Association of California and the Grape Growers of California, and other organizations formed for the protection and advancement of the California wine industry.

Before I commence my general remarks I want to point to the fact that California is a long way from the principal consumptive markets of the United States. It is so far that when I received the hurried call from the chairman of this committee it took me four and a half days almost, by the fastest limited trains, to come across the continent, and the distance for freights, while the same in mileage, is very much larger in point of time. The period which it takes for freight to come from California to the consumptive markets in the East is very much greater than the time which it takes to come from European points by regular liners to New York. Therefore in providing for the consumptive demands of domestic wines it is necessary to have depots in a large consuming center like New York, and the expenses of distribution therefore are increased by that item.

In presenting to you the details which I have, I shall have to give very largely figures, and then base a short argument upon those figures, which I have collated in the short time which I have been in Washington, and which I derived very largely yesterday from the departments here.

It is a matter of interest to show the extent of the vine-growing industry in the United States.

I would therefore state that the total acreage in the United States devoted to the culture of the vine is closely estimated at 340,000 acres. Of this total, about 245,000 acres, or over 70 per cent, are in the State of California. A part of this acreage is devoted to the cultivation of the raisin and table grapes, but in unfavorable seasons the producers of these grapes look to the wineries and distilleries to save them from loss. The total investment in the vineyard industry in the United States is closely estimated at $150,000,000. Probably it largely exceeds that, if the value of the land for other purposes, the land on which the grapes are grown, is taken into consideration; that is, the increase of value due to the increase of population, and therefore its uses for other purposes.

The total annual production of wine in the United States is upward of $55,000,000. Of this, about four-fifths is produced in the State of California. Of the total production, about 16,000,000 gallons annually, according to the report of the Commissioner of Internal Revenue, is sweet wine fortified under the act of October 1, 1890, as amended August 28, 1894, and June 7, 1906. The balance, approximately 39,000,000 gallons, is what is known as dry wines—that is to say, wines containing alcohol produced by the spontaneous fermentation of the sugar contents of the grape.

Under the original provisions of the tariff act of 1897, paragraph 296 of section 2, the import duty on still wines, including ginger wine or cordial, and vermuth, in casks or packages other than bottles or jugs, if containing 14 per cent or less of absolute alcohol, was placed at 40 cents per gallon, but if containing more than 14 per cent of absolute alcohol and not more than 24 per cent, the duty was placed at 50 cents per gallon. In bottles or jugs per case of 1 dozen bottles, or jugs containing each not more than 1 quart and more than 1 pint, $1.60 per case; and any excess beyond these quantities found in such bottles or jugs was to be subject to a duty of 5 cents per pint or fractional part thereof, but no separate or additional duty was to be assessed on the bottles or jugs.

It will be observed that in this original paragraph a distinction in duty was made between dry wines; that is to say, wines containing 14 per cent or less of absolute alcohol, and fortified wines; that is to say, wines in which distilled spirits have been added to the natural alcohol produced by fermentation of the sugar in the grapes.

Through the operation of section 3 of the tariff of 1897, the President was authorized and empowered, on obtaining concessions from other nations in favor of the products or manufactures of the United States which, in his judgment, should be reciprocal and equivalent, to suspend by proclamation the imposition and collec-

tion of the duties hereinbefore mentioned, and to substitute therefor the following rates:

Still wines, and vermuth, in casks, 35 cents per gallon, in bottles or jugs, per case of one dozen bottles or jugs, containing each not more than one quart and more than one pint, or 24 bottles or jugs containing each not more than one pint, $1.25 per case, and any excess beyond these quantities found in such bottles or jugs shall be subject to a duty of 4 cents per pint or fractional part thereof, but no separate or additional duty shall be assessed upon the bottles or jugs.

Under this new arrangement no distinction was made between dry wines containing less than 14 per cent of alcohol and fortified wines up to 24 per cent containing distilled alcohol. In other words, all wines containing up to 24 per cent of alcohol, from whatever source derived, were placed upon the same plane of import duty. The dates at which reciprocal arrangements were made with various countries was as follows: With France, June, 1898; with Portugal, June, 1900; with Italy and Germany, July, 1900; with Spain, September, 1906.

A comparison of labor conditions, from data obtained through the Bureau of Labor and compiled by them from authorities quoted in the volume entitled "Wages in Commercial Countries, 1900," and from subsequent data which the bureau has been courteous enough to furnish from wine-producing countries which compete with the United States, shows the following:

Coopers.—France, from 74 cents to $1.54 per day; Germany, from 59 cents to $1.52 per day; Spain, from $1.06 to $1.25 per day; Italy, from 24 cents (doubtless including board) to $1.35 per day, without board; Austria, from 49 cents to 60 cents per day. The wages of coopers in California are fixed by the union scale and have ranged from $3.50 to $4 per day.

Cellar hands.—France, 24 cents to $1.30 per day; Germany, 60 cents to 95 cents per day; Spain, 48 cents to 92 cents per day; Italy, not given; Austria, not given; California, from $1.67 to $3.07 per day.

Vineyard hands.—France, 43 cents to 87 cents per day; Germany, partial statistics only, but probably including board, 31 cents to 43 cents per day; Spain, not given; Italy, 39 cents to 48 cents per day; Austria, from 18 to 32 cents per day, with board and lodging. The minimum wages prevailing for vineyard labor in California are $1.75 per day, or if furnished with board and lodging, $1 per day.

The cost per ton for picking grapes in California vineyards runs from $1.50 to $2.25 per ton of grapes, and laborers frequently make from $4 to $6 per day during the grape picking season, and labor is frequently scarce, even at such remuneration. In Europe during the grape picking season women and children are frequently utilized to gather the crops at a very low rate of wages, stated on good authority to be about 20 cents per day, while male laborers command from 43 to 87 cents per day.

The rates of freight on wine in casks from European countries, to New York, all of which is carried by regular liners in foreign bottoms, are approximately as follows: From Bordeaux or Havre, France, 2¼ cents per gallon; from Cadiz, Spain, 3½ cents per gallon; from Italy, about 2 cents per gallon.

The freight rate from Europe on bottled wines is approximately 15 cents per case of one dozen quarts, or two dozen pints. In the freight rate on wines from California two factors enter—the freight on staves, heading, and hoops for barrels, from the East to California, and the freight on the wine filled into cooperage from California points to the East. The rate of freight on staves and heading West is 85 cents per hundred pounds, and on steel hoops 75 cents per hundred pounds. The rail rate on wine in casks from California to eastern points is 75 cents per hundred pounds, and on wine in glass $1 per hundred pounds. A very large proportion of the wine goes by rail for the reason that the water lines have had uncertain carrying capacity, or too irregular dates of sailing for commercial purposes.

The average cost, therefore, of freight on wine and cooperage which California wines must sustain aggregates about 8¾ cents per gallon, and wines in glass about 54 cents per case. Thus the disadvantage in freight conditions, which militates to reduce the tariff protection, averages over 6 cents per gallon of wine in casks and 39 cents per case of one dozen quarts in glass.

In Belgium the cost of quart bottles is approximately 30 cents per dozen, while the import duty on quarts into the United States is approximately 13½ cents per dozen, and about the same on pints per dozen; the specific duty on glass bottles into the United States being 1 cent per pound on bottles holding more than a pint and 1½ cents per pound on bottles holding a pint. Under the reciprocity tariff these bottles when filled with wine are admitted free of duty, which therefore either tends to a reduction of duty on the wines themselves of approximaely 13½ cents per case of one dozen quarts, or 26 cents per case of two dozen pints, or else militates to increase the cost of bottling wines to the domestic producer, who is allowed no rebate on the duty he is compelled to pay on imported bottles and corks, or on the increased cost of labor on bottles made in the United States, the cost of the bottles and corks in the United States being about 60 cents per dozen.

Thus, in the ultimate, wines imported in bottles, and presumably of the higher grades, pay a less rate of duty than wines imported in casks; this intention of the lawmakers being accentuated by the fact that the duty on any quantity of wine in excess of 1 quart contained in a bottle is assessed at 4 cents per pint, or 32 cents per gallon, instead of 35 cents per gallon, as in the case of wines in bulk.

Into the putting up of bottled wines the labor question also very largely enters. It is very much more expensive to fill wines into a small container like a quart or a pint bottle and to supply a separate cork for each bottle than to fill wine into a 50 or 60 gallon cask. The cost of cellar labor in the United States being about double what it is in Europe, it tends to accentuate the disadvantage under which the bottler of domestic wines labors. The bottler of domestic wines must also pay duty upon the corks, while in imported wines these enter free of duty.

Imported wines and vermuth containing as high a degree of alcohol as 24 per cent, or in revenue parlance 48° proof, are admitted into the United States under a duty of 35 cents per gallon. These wines are, under the regulations of the Internal Revenue Department, per-

mitted to be used by rectifiers and in the making up of medicinal preparations. Such use, however, of domestic wines, fortified under the sweet-wine law, is prohibited either by law or by regulation of the Internal Revenue Department. There is no limit, up to 24 per cent, to which imported wines may not be fortified with distilled spirits, nor any rule as to the percentage of naturally fermented alcohol to be contained in them; neither is there anything to prevent the fortifying with distilled spirits of foreign wines from which all the sugar has been fermented out; in other words, dry wines.

In connection with that I would like to read a telegram which I sent to the Bureau of Chemistry of the Department of Agriculture, and the reply which I received, because that statement may be contested. The telegram which I sent was as follows:

NOVEMBER 9, 1908.

Dr. H. W. WILEY,
Chief, Bureau of Chemistry, Washington, D. C.:

I shall arrive Wednesday to attend meeting of Ways and Means Committee on tariff, wine schedule, and shall esteem it a great favor if you will kindly mail me to New Willard Hotel a statement regarding what rules or limits, if any, are prescribed under the food laws regarding percentage of distilled spirits and natural or added sweetening which may enter into the composition of still wines and vermuth, containing up to 24 per cent alcohol, imported from abroad under reciprocity treaties at 35 cents per gallon. See section 3 in connection with paragraph 296 of section 2 of Dingley tariff of 1897.

Doctor Wiley was away when that telegram arrived, but it was answered by Doctor Dunlap, the acting chairman, as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,
BOARD OF FOOD AND DRUG INSPECTION,
Washington, D. C., November 10, 1908.

Mr. PERCY T. MORGAN,
The New Willard, Washington, D. C.

DEAR SIR: I have your telegram of November 9, but regret to have to inform you that the department has formulated no standards or limits regarding the percentage of distilled spirits and natural or added sweetening materials which may enter into the compensation of still wines and vermuth containing up to 24 per cent of alcohol.

Respectfully,

F. L. DUNLAP,
Acting Chairman.

In the case of domestic wines the fortification is under strict regulations, which prohibit the adding of other than grape spirits. The wine to be fortified must contain not less than 4 per cent of saccharine matter, and the amount of wine spirit to be added must not exceed 14 per cent of the volume, under penalty of forfeiture. Dry and fortified wines of foreign origin may be blended together, but this, in the case of similar domestic wines, is prohibited by regulations of the Internal Revenue Department.

Since the reciprocity tariffs have been put into effect the importation of wines has immensely increased, as appears from the following table:

Importations at the port of New York year ending December 31.

	1901.		1902.		1903.		1904.	
	Gallons.	Cases.	Gallons.	Cases.	Gallons.	Cases.	Gallons.	Cases.
Champagnes	----------	228,679	----------	263,280	----------	270,357	----------	304,568
Bordeaux and Burgundy	258,420	85,740	239,700	95,757	229,860	89,546	207,620	98,267
Cette wines	25,850	----------	57,080	----------	27,845	----------	34,862	----------
Rhine and Moselle	385,280	59,618	428,800	53,617	498,680	79,754	606,880	84,614
Sherry	476,251	----------	486,459	----------	539,377	----------	510,887	----------
Spanish red	54,896	----------	49,508	----------	39,148	----------	57,674	----------
Port	67,727	----------	74,583	----------	86,055	----------	97,240	----------
Madeira	4,827	----------	4,436	----------	2,926	----------	4,934	----------
Italian wines	87,766	63,458	348,480	70,406	523,840	93,805	454,400	103,630
Brandy	85,354	35,275	73,739	43,993	88,803	48,442	86,731	51,979
Holland gin	38,461	10,828	38,733	14,712	46,456	16,232	33,465	15,996
British gin	41,756	51,999	49,321	56,649	40,695	62,792	39,636	74,547
St. Croix rum	18,874	----------	7,983	----------	8,271	----------	8,651	----------
Jamaica rum	21,287	----------	36,579	----------	22,023	----------	25,386	----------
Scotch and Irish whiskies	60,399	100,045	34,274	116,706	66,648	118,136	62,126	132,698
Cordials	----------	57,250	----------	84,205	----------	89,439	----------	90,504
California wines (by sea)	3,389,845	----------	3,407,445	----------	3,431,390	----------	3,641,700	----------
California brandies (by sea)	----------	----------	5,350	----------	3,500	----------	2,465	----------

	1905.		1906.		1907.	
	Gallons.	Cases.	Gallons.	Cases.	Gallons.	Cases.
Champagnes	----------	287,914	----------	276,528	----------	262,626
Bordeaux and Burgundy	231,640	84,085	212,000	86,205	254,580	99,556
Cette wines	36,650	50	37,980	----------	39,836	----------
Rhine and Moselle	588,640	77,924	593,520	83,833	593,440	83,567
Sherry	547,179	4,089	550,660	5,977	657,797	9,161
Spanish red	62,648	----------	59,541	----------	144,127	----------
Port	106,692	3,767	112,957	3,105	115,407	4,069
Madeira	7,642	83	7,960	261	5,776	242
Italian wines	654,780	130,605	931,300	99,523	1,268,040	144,769
Brandy	76,908	56,832	84,492	73,199	98,154	95,115
Holland gin	26,081	18,075	23,347	18,280	27,961	18,847
British gin	36,395	91,740	37,126	108,641	31,087	118,350
St. Croix rum	7,814	----------	5,592	25	10,835	71
Jamaica rum	24,762	677	28,053	731	30,014	1,502
Scotch and Irish whiskies	50,540	127,900	50,532	136,546	53,802	139,854
Cordials	----------	112,981	----------	141,825	----------	184,700
California wines (by sea)	2,843,550	----------	1,887,900	----------	1,508,700	----------
California brandies (by sea)	1,830	----------	840	----------	360	----------

That information is taken from the Journal of Commerce of New York.

Mr. Clark. Mr. Morgan, has that reduced the sales of domestic wine below what they were in 1897?

Mr. Morgan. Yes; 25 per cent; yes, sir.

Mr. Clark. Absolutely reduced the quantity sold?

Mr. Morgan. The figures, Mr. Clark, are these: The high point of California wine was 8,374,000 gallons, and last fall it had fallen to 6,324,000 gallons, or a reduction of 25 per cent.

Mr. Underwood. Was that after the panic or before it?

Mr. Morgan. The panic only occurred on October 23, 1907, and at that time the practical shipping and selling season was over. The

orders were all in by that time. You will understand October 23 is toward the end of the season.

Mr. UNDERWOOD. What was the effect in 1906?

Mr. MORGAN. It was a falling off to 6,324,600, or approximately the same thing.

Mr. CLARK. You confine that to California. There is a big slice of country outside of California, you know. What is the total amount of consumption of American wine that has fallen off after the negotiation of these reciprocity treaties?

Mr. MORGAN. Mr. Clark, that is an impossible question for me to answer, for the reason that I can only state parts upon which the statistics are known. I am merely taking now the port of New York, not the total.

Mr. CLARK. Is there anybody that we can get the facts out of?

Mr. MORGAN. I doubt very much whether those facts can be arrived at. I have tried to arrive at them. I simply took the port of New York because that is the principal port into which importations come, the principal port to which California wines have always been shipped. There is no other port which comes within 60 per cent of that amount, and the point at which the competition of imported wines is the most pronounced.

Mr. CLARK. Would the Internal Revenue Commissioner be able to tell the total consumption of imported wine in the United States?

Mr. MORGAN. I think not, Mr. Clark, because his supervision only extends to fortified wines, and not otherwise.

Mr. BOUTELL. Before you pass from that point, Mr. Morgan, may it not be possible that the very large increase in the importation of Italian wines may be due to the enormous increase of Italian immigration—to immigrants, all of them continuing to use the Italian wines?

Mr. MORGAN. Oh, that would not account for the falling off in the California wines. We should certainly have had some of that trade.

Mr. BOUTELL. But would not that be due largely to the enormous increase in the Italian population?

Mr. MORGAN. Mr. Boutell, the increase in the Italian population has not been 1,000 per cent. The increase of Italian wine in New York from 1901 to 1907 was from 87,766 gallons in 1901 to 1,263,040 gallons in 1907. I was just coming to that point, because in my argument I have made this remark: "The increase in Italian wines into New York from 87,766 gallons in bulk in 1901 to 1,263,040 gallons in 1907 is so remarkable that it leads to an examination of what character of wines these are."

Turning to page 58 of the report of imports entered for consumption during the year ending June 30, 1907—the report prepared by the Bureau of Labor Statistics of the Department of Commerce and Labor on "Imports of merchandise into the United States," the following is developed from Italy: Imports of still wines containing 14 per cent or less of absolute alcohol, 658,974 gallons; from Italy, wines containing more than 14 per cent of absolute alcohol—and remember this is a point I desire to make, that of the wine containing more than 14 per cent alcohol, there was 1,736,702 gallons. This is from a dry-wine country. The total quantity of wine imported from

countries enjoying reciprocity treaties for the year ending June 30, 1907, was as follows:

Wines containing 14 per cent absolute alcohol—one moment; I made a mistake there, and I would like to go back. It is 64,428 gallons against wines containing less than 14 per cent and 1,736,702 gallons containing more than 14 per cent.

Mr. CLARK. What year was that?

Mr. MORGAN. The year ending June 30, 1907.

Mr. CLARK. Is that an increase or a decrease?

Mr. DALZELL. That is a tremendous decrease. In 1906 it was 1,374,403 gallons, as against 64,428 gallons in 1907.

Mr. MORGAN. One moment, Mr. Dalzell. You have a total there. I am differentiating between wines that contain less than 14 per cent alcohol and wines that contain more than 14 per cent alcohol.

Mr. DALZELL. This is wine containing more than 14 per cent of absolute alcohol brought in in 1906, 1,374,403 gallons, as against 1907, 64,428 gallons.

Mr. MORGAN. Which shows that they had got onto themselves.

Mr. DALZELL. Had got what?

Mr. MORGAN. I say it shows they had got onto themselves; that it was more profitable to send over wines containing more than 14 per cent alcohol than to send over wines containing less than 14 per cent. That is the point I am trying to make.

Mr. LONGWORTH. What Italian wines contain less?

Mr. MORGAN. If they are dry wines they should contain less than 14 per cent, because it is almost impossible to obtain a natural fermentation of the grapes which should form more than 14 per cent. Therefore the balance should be obtained from distilled spirits. Personally I do not know anything about Italian wines. I do not know whether they contain 30 or 50 per cent of alcohol. I am obtaining my data from the Government.

The CHAIRMAN. You get your data from the Government as they are collected?

Mr. MORGAN. Certainly. These are the statistics of the Department of Commerce and Labor.

Mr. CLARK. Did the Californian wine growers make as much wine this year as they did in the years before?

Mr. MORGAN. Yes, sir; and unfortunately they have got it dammed back in California now, and it is playing havoc with us.

Mr. CLARK. Why don't you ship it out?

Mr. MORGAN. Because we have no sale for it. Anybody who knows the wine industry in California knows that the industry is facing a crisis such as it has not known in fifteen years.

Mr. CLARK. Why don't you ship it in bulk from California to Europe, like these fellows in Europe do here?

Mr. MORGAN. That point I do not want to answer now, because I am coming to it later on in my argument.

Mr. CLARK. All right.

Mr. CRUMPACKER. Mr. Morgan, the statistics of imports quoted by Mr. Dalzell had reference to the shipments in packages—in casks, other than in bottles and jugs.

Mr. Morgan. I am reading from page 58 of imports entered for consumption in the year ending June 30, 1907. It is as follows:

	Rate of duty.	Quantity.
Still wines:		
In casks or packages other than bottles or jugs—		
Containing 14 per cent or less of absolute alcohol (gallons)	40 cents per gallon	50,029.10
Containing 14 per cent or less of absolute alcohol—		
Reciprocity treaty with France (gallons)	35 cents per gallon	73,905.58
Reciprocity treaty with Germany (gallons)	35 cents per gallon	203,774.11
Reciprocity treaty with Italy (gallons)	35 cents per gallon	64,428.86
Reciprocity treaty with Portugal (gallons)	35 cents per gallon	7,408.92
Reciprocity treaty with Spain (proof gallons)	35 cents per gallon	109,456.20
Reciprocity treaty with Switzerland (proof gallons)	35 cents per gallon	56.00

Now, I will read from page 336 of "Imports of merchandise," years ending June 30, 1903–1907:

	Still wines: In casks. (Dutiable.)				
Europe:	*Gallons.*	*Gallons.*	*Gallons.*	*Gallons.*	*Gallons.*
Austria-Hungary	39,038	33,624	31,021	37,156	43,666
Azores and Madeira Islands	4,701	6,777	9,035	8,628	8,975
Belgium	8,075	4,942	10,871	3,970	6,486
France	418,209	395,746	386,335	379,949	427,767
Germany	1,080,982	1,011,708	990,159	960,141	950,633
Gibraltar		23		26	83
Greece	13,756	21,010	21,483	23,570	25,097
Italy	689,626	974,190	1,077,594	1,420,484	1,860,227
Malta, Gozo, etc	264				
Netherlands	8,001	13,447	4,447	5,983	3,665
Portugal	123,768	138,717	128,962	135,874	154,396
Russia in Europe				150	278
Spain	851,301	877,414	801,284	928,924	1,079,839
Switzerland	6,353	3,244	4,138	1,856	1,717
Turkey in Europe	133	200	380	550	716
United Kingdom	38,437	57,380	52,958	34,246	35,764
North America:					
Canada	2,904	1,307	3,066	6,108	3,046
Newfoundland and Labrador	75		115	50	60
Central American States—Costa Rica				20	
Mexico	62	159	377	442	402
West Indies—British					6
Cuba	4,783	3,619	2,214	3,821	2,380
Santo Domingo	23				
South America:					
Chile				14	
Uruguay		30			
Asia:					
Hongkong	292	4,885		35	120
Japan	506,755	452,109	443,271	527,400	593,456
Turkey in Asia	5,632	7,141	5,182	2,970	14,520
Oceania:					
British—					
Australia and Tasmania } New Zealand }	38				
Philippine Islands					11
Africa:					
British Africa—South			36	18	
Canary Islands		10	941		25
French Africa			60		123
Turkey in Africa—Egypt				22	
Tripoli				183	
Total	3,753,211	4,007,691	3,973,919	4,482,490	5,218,458

Again, I will read from page 59 of "imports of merchandise" entered for consumption in the year ending June 30, 1907:

	Rate of duty.	Quantity.
Vermuth, and ginger wine or ginger cordial:		
In casks or packages other than bottles or jugs—		
Containing 14 per cent or less of absolute alcohol (gallons)	Duty remitted (Sec. 15, act July 24, 1907.)	316.00
Containing 14 per cent or less of absolute alcohol—		
Reciprocity treaty with France (gallons)	35 cents per gallon	2,011.70
Reciprocity treaty with Italy (gallons)	35 cents per gallon	18,718.04
Containing more than 14 per cent of absolute alcohol (gallons).	50 cents per gallon	110.00
Containing more than 14 per cent of absolute alchohol—		
Reciprocity treaty with France (gallons)	35 cents per gallon	4,555.60
Reciprocity treaty with Germany (gallons)	35 cents per gallon	84.00
Reciprocity treaty with Italy (gallons)	35 cents per gallon	25,439.58
Reciprocity treaty with Portugal (gallons)	35 cents per gallon	82.50
In bottles or jugs—		
Containing each not more than 1 pint—		
Reciprocity treaty with Italy (dozens)	62½ cents per dozen	6.25
Containing each more than 1 pint and not more than 1 quart (dozens).	$1.60 per dozen	2,013.00
Containing each more than 1 pint and not more than 1 quart—		
Reciprocity treaty with Cuba (dozens)	$1.60 per dozen less 20 per cent.	11.00
Reciprocity treaty with France (dozens)	$1.25 per dozen	68,397.92
Reciprocity treaty with Germany (dozens)	$1.25 per dozen	230.00
Reciprocity treaty with Italy (dozens)	$1.25 per dozen	106,251.83
Reciprocity treaty with Portugal (dozens)	$1.25 per dozen	27.00
Reciprocity treaty with Spain (dozens)	$1.25 per dozen	227.00
Quantity in excess of 1 quart or 1 pint per bottle (pints)	5 cents per pint	288.00
Quantity in excess of 1 quart or 1 pint per bottle—		
Reciprocity treaty with France (pints)	4 cents per pint	912.00
Reciprocity treaty with Italy (pints)	4 cents per pint	480.00
Total vermuth and ginger wine, etc		

Mr. DALZELL. Now, Mr. Morgan, in each of those cases you will observe that the importations in 1907 were perhaps only 50 per cent of the importations of 1906.

Mr. MORGAN. I think that is correct, because the wines containing less than 14 per cent of alcohol have been converted into wines containing more than 14 per cent.

Mr. CLARK. If Mr. Dalzell's question is true, and your answer to it, and if the question and answer are taken together, then there was a falling off of the total amount containing below 14 per cent of alcohol, and above, too, and you added them together.

The CHAIRMAN. In France in 1906 there were 376,000,000 gallons, and in 1907 73,000,000 gallons.

Mr. DALZELL. You mean thousands.

The CHAIRMAN. In Germany it was 975,000,000 in 1906, and in 1907 203,000,000.

Mr. DALZELL. Thousands.

The CHAIRMAN. Yes; thousands. Let me read from Italy. There is a still more striking contrast: 1,374,000 in 1906, and only 64,000 in 1907.

Mr. MORGAN. That is below 14 per cent of absolute alcohol. Let us read on the other side, above 14.

Mr. DALZELL. That is what I would like to get.

Mr. CRUMPACKER. Before you depart from that, in this method of shipment I notice here that in 1907 in bottles of a pint and not more

than a quart the importations of Italy largely increased, while they decreased in barrels and casks.

Mr. MORGAN. Increased in barrels and casks above 14 per cent, but down below the point of 14 per cent you will find an enormous decrease.

Mr. CRUMPACKER. I assume here it is bottled goods where the large increase is on wine containing below 14 per cent of alcohol.

Mr. MORGAN. No, sir. The law does not prescribe any difference in duty between wines containing less than 14 per cent and less than 24 per cent in the case of bottled wines. It does not mention it. It leaves it out altogether.

Mr. LONGWORTH. Do I understand you to say that no still wine produced by fermentation contains as much as 14 per cent of absolute alcohol?

Mr. MORGAN. Very little. The general range, you will find, is from 10 to 12½ per cent. When we get a wine which produces from 13 to 14 per cent of alcohol, it is a very extraordinary fermentation. It must be made from a grape that has to be extremely ripe, and I can demonstrate that to you, for the reason that a grape that contains 20 per cent sugar will theoretically produce only 11 per cent of alcohol. In other words, the formation of the sugar and alcohol is approximately 50 per cent carbonic-acid gas and 50 per cent of alcohol—the result of the formation of sugar into alcohol.

Mr. CLARK. After you get through with that I want to ask you a couple of questions about California wines. Your statement here seems to imply that you ship all your wines to New York.

Mr. MORGAN. Not at all; nothing like it.

Mr. CLARK. You do not ship half of it to New York, do you?

Mr. MORGAN. No, sir.

Mr. CLARK. You stop off at St. Louis and other places?

Mr. MORGAN. Yes, sir.

Mr. CLARK. Have these temperance movements and other things reduced very materially the amount of wine drunk in the United States, or not? What do you think about that?

Mr. MORGAN. I do not know what has done it, but something has done it. It has either been on account of the money panic, or on account of the restrictions imposed upon us by the Treasury Department, or on account of the temperance movement.

Mr. CLARK. Don't you think all these things have been calculated to reduce the consumption of wine in the United States, which would, in part, account for the decrease in the consumption of California wines?

Mr. MORGAN. It is a very strange thing that there must have been more temperance men in New York than in any other part of the country. [Laughter.]

Mr. CLARK. Then it may be that they have gotten so poor that they could not drink wine. [Laughter.]

Mr. MORGAN. Then why did they drink Italian wine?

Mr. CLARK. Perhaps because they had got so poor they had to drink the cheap wine.

Mr. MORGAN. The Italian wines are more expensive than California wines.

Mr. CLARK. They perhaps like them more.

Mr. MORGAN. Now, let us take the total importations of these years. I think that will probably clear this thing up. The total importation of wine, quoting from page 336 of the document entitled "Imports of Merchandise into the United States," published by the Department of Commerce and Labor, Bureau of Statistics, is as follows: In 1903 it was 3,753,211. This is gallons, you remember, that I am talking about. In 1904 it was 4,007,691 gallons. These are all years under which the reciprocity proposition had begun to work. In 1905 it was 3,973,919 gallons; in 1906, 4,482,499 gallons; in 1907, 5,213,458 gallons; an increase, therefore, between 1903 and 1907 of about 35 per cent.

Mr. DALZELL. Of total importations?

Mr. MORGAN. Yes, sir. I will analyze that afterwards. I will show that from reciprocity countries and other countries—from other countries which did not enjoy reciprocity—the importation appears either to have practically remained stationary or to have fallen off. For instance, we will take Asia, which is included in this. Japan in 1903 imported 506,755 gallons; in 1904, 452,109; in 1905, 443,271; in 1906, 527,409; and in 1907, 593,456. That is merely to indicate that the total increase does not reflect the tremendous increase from reciprocity countries, and that I will show here later.

Mr. CLARK. Now, that increase from Japan can be accounted for by the number of Japs that come in here, can it not? They drink their own stuff when they can get it.

Mr. MORGAN. They drink largely California wines. They are among our best customers.

Mr. CLARK. The Japs have increased largely in California and along the Pacific coast generally. How much has the consumption from Japan in the United States increased in gallons from 1903 to 1907?

Mr. MORGAN. Including sake, a fermented liquor made from rice, their importations have increased about 35 per cent.

Mr. CLARK. How many gallons?

Mr. MORGAN. From 3,753,211 gallons to 5,213,458 gallons. That is, approximately, 1,400,000 gallons' increase.

Mr. CLARK. The foreign population in the United States in those years alone must have increased a couple of millions; according to the statistics, of seven or eight hundred thousand a year. Mr. Hamilton said a while ago that they had an Italian colony of 400,000 in New York City. That would not be a gallon apiece for those fellows.

Mr. MORGAN. Oh, yes. It has increased 1,400,000 gallons. I have no objection whatever to the increase of importations if it did not show a decrease in the consumption of American wines. I would not mind the increase at all if 1 gallon of increase was of domestic wine and 1 gallon of foreign wine.

Mr. CLARK. I understand you want to raise on this tariff business and want to shut these wines out.

Mr. MORGAN. Oh, no, Mr. Clark. When I get to the end, you will see that that is not what I am after. I am after a differentiation between wines that naturally contain alcohol and those which contain potato spirits or anything else to make the alcohol.

Mr. CLARK. You are trying to show that the increase in these importations came by reason of the reciprocity treaties?

Mr. MORGAN. Yes, sir.

Mr. CLARK. If it can be shown that they come from other causes, your argument will fall to the ground.

Mr. MORGAN. I do not think it can be shown.

Mr. CLARK. Then I will not ask you any more questions until you get through.

Mr. MORGAN. I would like you to ask me questions, because in that way I shall be enabled to bring out the facts.

The importation from Italy of still wines in casks in 1904 was 974,190 gallons, as against, for 1907, 64,428 gallons containing 14 per cent or less of alcohol, and 1,736,702 gallons containing more than 14 per cent alcohol. That is taken from page 58 of the same book from which I have quoted heretofore, and it is made up of wines coming in under the reciprocity treaties.

Now I will repeat the figures with respect to imports of wine under reciprocity treaties of less than 14 per cent of absolute alcohol, and then of more than 14 per cent, which amounted in 1907 to 3,792,586 gallons. You see the point that I am making. I will come to it afterwards. I will read first the figures showing the importations of less than 14 per cent:

	Rate of duty.	Quantity.
Reciprocity treaty with France (gallons)	35 cents per gallon	73,905.53
Reciprocity treaty with Germany (gallons)	35 cents per gallon	208,774.11
Reciprocity treaty with Italy (gallons)	35 cents per gallon	64,428.86
Reciprocity treaty with Portugal (gallons)	35 cents per gallon	7,408.20
Reciprocity treaty with Spain (proof gallons)	35 cents per gallon	109,456.20
Reciprocity treaty with Switzerland (proof gallons)	35 cents per gallon	56.00

Containing more than 14 per cent of absolute alcohol (gallons):

	Rate of duty.	Quantity.
Containing more than 14 per cent of absolute alcohol:		
Reciprocity treaty with France (gallons)	35 cents per gallon	491,830.47
Reciprocity treaty with Germany (gallons)	35 cents per gallon	768,784.21
Reciprocity treaty with Italy (gallons)	35 cents per gallon	1,736,702.36
Reciprocity treaty with Portugal (gallons)	35 cents per gallon	128,280.76
Reciprocity treaty with Spain (gallons)	35 cents per gallon	675,327.64
Reciprocity treaty with Switzerland (gallons)	35 cents per gallon	1,661.00

Total, as I said above, 3,792,586 gallons, showing how, by a wave of the wand of reciprocity, dry-wine countries like France, Germany, and Italy have apparently developed an extraordinary alcoholic strength in their wines. I want to reiterate that personally I have no knowledge whether these wines contain 14 per cent or 20 per cent or 24 per cent, because I have no means of knowing. I am merely taking this information from the government statistics and basing my argument upon it. The total importation of wines, according to the before-mentioned report, for the last five years I have already given, and I do not need to repeat again. For the year 1907, besides the 5,000,000 gallons in bulk, there were 462,337 dozen in glass, or approximating 6,500,000 gallons.

The CHAIRMAN. Have you any figures showing the increase in the sparkling wines and the increase in still wines during that period?

Mr. MORGAN. I have not taken up the sparkling-wine question. California is very little interested in that.

The CHAIRMAN. There has been a large increase in the importation of sparkling wines during the same period, and it would be interesting to know about that. I want it for the benefit of Mr. Clark [laughter], who, unfortunately, has gone out just now, because I do not suppose the Italians drink a great deal of champagne.

Mr. MORGAN. There has practically been no increase in the importation of sparkling wine into the port of New York. In 1901 there were imported, according to Bonfort's Wine and Spirit Circular, a recognized authority, 228,000 cases. In the year 1907 there were imported into the port of New York 222,696 cases, showing that it is not relative. I did not expect to answer that question, but I happened to have the answer here. The eastern wine growers will probably expatiate upon the champagne industry. In California we are not very much interested in it. But I have it here from the Bureau of Statistics.

The CHAIRMAN. The figures that I have here, instead of giving the quantity, give the value. In 1906 the total champagne and sparkling wine imported was of the value of $5,409,000; in 1907, $6,284,000. Still wines for the same year, 1906, a value of $4,344,000; in 1907, a value of $5,010,000.

Mr. MORGAN. Keeping to the gallons, that is a constant figure; but as to valuation, that is not a constant figure. I will read off from the same authority the importation of sparkling wines.

The CHAIRMAN. I will put the number of gallons in the record after your remarks, to save you the trouble.

Mr. MORGAN. As to the importation of sparkling and other wines dutiable, it gives all the countries, and it makes this total: 1903, 407,944 dozen quarts; 1904, 336,245 dozen; 1905, 371,811 dozen; 1906, 415,394 dozen; 1907, 419,403 dozen. In other words, the increase between 1903 and 1907 is less than 8,000 cases, showing that the same ratio of increase had not taken place.

The importation of vermuth and ginger wine or ginger cordial for the year ending June 30, 1907, from countries enjoying reciprocity privileges was as follows: Containing 14 per cent or less of absolute alcohol in bulk, 20,729 gallons; containing more than 14 per cent of absolute alcohol, 30,161 gallons; in bottles or jugs (no alcohol percentage specified), 175,300 dozens—all at 35 cents per gallon, or the equivalent rate of duty in jugs and bottles. Under the internal-revenue regulations no domestic fortified wines can be used in the manufacture of vermuth.

The foregoing statistics are submitted to lay a foundation for the argument which is to follow. European wine-producing countries enjoying the privileges of a reciprocity treaty recognize that there is a limit to which alcohol by fermentation of the sugar contained in the grapes can be naturally produced, and in their tariffs they impose a special tax for excess alcohol. For instance, France and Italy impose a special import tax on alcohol contained in wines above 12 per cent, Germany above 14 per cent, and Spain above 15 per cent, while Portugal has an entirely prohibitive tariff on the importation of wines.

When the Dingley tariff was first formulated this was no doubt also the intention on the part of the lawmakers, but when the reciprocity clause was brought into effect the peculiar condition arose

that alcohol in the form of imported wine up to 48 proof is permitted entry into the country under a tariff of 35 cents per gallon, or approximately 73 cents per proof gallon, while the internal-revenue tax upon domestic spirits is $1.10 per proof gallon.

I have shown by the letter I have received from the Department of Agriculture, Bureau of Chemistry, that there is no rule or limitation as to how much that alcohol shall be, there, in those wines up to 24 per cent, and therefore it is fair to assume that they may have 2 per cent of formented grape alcohol and 22 per cent of distilled alcohol; and in that case the distilled alcohol would be diluted by the fermented alcohol, instead of the fermented alcohol being diluted by the distilled alcohol.

The CHAIRMAN. Have you anything to show that they did?

Mr. MORGAN. No, sir. I have already made a statement that I am getting my information from the government statistics, and there is nothing in the law to prevent their doing that. It can be done, and we want to prevent its being able to be done.

The CHAIRMAN. If they are bringing alcohol here as wine, we want to know it and protect our own internal revenue.

Mr. MORGAN. That is what I am pointing out. Under the law it can be done, and we want to prevent that.

Mr. CLARK. Can not the gaugers or inspectors find that out?

Mr. MORGAN. Mr. Clark, it is almost impossible to distinguish the alcohol of fermentation from merely the similar product secured through distillation. The only means they have of ascertaining whether the wine has been so fortified or not is by the testing of the dry extract or solid contents, and it is not at all difficult to supply that deficiency to anybody who knows the frequency with which alcohol has been introduced. Remember that I am not making the claim that this is done. I want to particularly emphasize that. But I want to show that the tariff law, as at present constituted, permits it being done and connives at its being done.

It would seem not to be difficult for the United States Government, through the operation of these reciprocity treaties, to be lawfully defrauded of a large portion of its revenue from distilled spirits by the use in rectifying of these high-proof fortified wines, whatever proportion may be had, whether 12 or 14 or 16 or 17 per cent, up to 24 per cent.

Mr. CLARK. What is the highest percentage of alcohol that is allowed to be in wine?

Mr. MORGAN. Twenty-four per cent under the tariff.

Mr. CLARK. That is the highest?

Mr. MORGAN. Yes, sir; that is 48 proof. When you drink whisky, provided you drink any at all, you probably drink it at about 85 per cent proof. It is not a question of more than 24 per cent alcohol. It is what constitutes the alcohol contained in the wine up to 24 per cent. What is it? Is it distilled, or is it produced by fermentation?

Mr. CLARK. What is Doctor Wiley for if he is not to prevent that?

Mr. MORGAN. He makes the tests, the tests of alcohol and wine. The test is made by a comparison of the acid and the tannin and the dry extract; but it is not impossible to supply those deficiencies artificially when you have distilled alcohol instead of the alcohol of fermentation. I am making this statement to you, gentlemen, so as to try to avoid what we consider a grave danger to the wine industry

of the United States from the operation of this 25 per cent alcohol tariff.

Mr. RANDELL. What is the difference in the cost of production of the alcohol produced by distillation and that produced by wine fermentation?

Mr. MORGAN. The difference in the cost is regulated by the value of the grapes. To make a good dry wine it necessitates a high grade of grapes. You can make alcohol out of any kind of grapes, the second crop, third crop, even rotten grapes, and corn, if you want to, because there is nothing in the tariff which says that the alcohol must be produced from grapes at all.

The CHAIRMAN. The present provision is that any wine imported containing more than 24 per cent alcohol shall be classed as spirits, and pay duty accordingly, and also the further provision that the Secretary of the Treasury shall determine in accordance with such regulations as he may prescribe how this difference is to be ascertained. Are you prepared now to call the attention of the committee to the regulation of the Secretary of the Treasury?

Mr. MORGAN. Yes, sir. His regulation is that the determination shall be by volume, and not by weight.

The CHAIRMAN. Of course they have experts in the custom-houses in all these matters. Do you know as a matter of fact what their practice or custom is in determining the 24 per cent of alcohol?

Mr. MORGAN. I want to point out, Mr. Chairman, that the paragraph that you have referred to merely relates to the way of determining the quantity of alcohol. One is by weight and the other is by volume. When the determination of alcohol is made by weight, it shows a less percentage than by volume, on account of the difference in the specific gravity; but the commercial way of determining alcohol is by volume, because in that way there is an equality.

The CHAIRMAN. What you contend is that when there is 24 per cent of alcohol in the wine, the amount of grain alcohol should be made to pay duty?

Mr. MORGAN. I say not only the grain alcohol, but the grape spirits also, in spirits that are distilled.

The CHAIRMAN. Any spirits involved in the wine itself?

Mr. MORGAN. Yes; other than the spirits in the wine that are naturally inherent in the spontaneous fermentation of the sugar in the grapes. Otherwise there is no limit to the amount of distilled spiris that may be imported under this tariff.

Mr. LONGWORTH. Will you read again that document you received from the Department of Commerce and Labor—those two, your telegram and his?

Mr. MORGAN. Yes, sir. I want to say that yesterday I had a conversation with Doctor Wiley on this very subject, and Doctor Wiley was considerably disturbed over it. He made the remark that he had held up wines on several occasions, and that the Treasury Department, after looking into the facts and the law of the case, had ordered the wines released.

The CHAIRMAN. I do not see anything in the law that distinguishes anything in the wine containing over 24 per cent alcohol as to whether it shall be alcohol incident to the making of wine or alcohol produced by distillation from grain or other substances.

Mr. MORGAN. That is what I claim.

The CHAIRMAN. Have you figured out proportionately what position a tariff duty on wines containing not over 24 per cent of alcohol—what proportion or position that bears to the internal revenue on alcohol?

Mr. MORGAN. Yes, sir.

The CHAIRMAN. I do not so understand it.

Mr. MORGAN. It is such a proportion as 73 cents proof gallon bears to $1.10 per proof gallon in the internal revenue.

Mr. CRUMPACKER. I understand from that that wines containing up to 24 per cent—that is, 23 and a fraction per cent—at the rate of duty that the law fixes, the alcohol is to be brought in at a lower rate than the rate upon spirits?

Mr. MORGAN. Yes, sir; by a very large percentage, as 73 cents bears to $1.10.

Mr. CRUMPACKER. The rate on wine below 24 per cent alcohol is 15 cents a gallon?

Mr. MORGAN. No, sir. Under reciprocity, 35 cents a gallon.

Mr. NEEDHAM. But apart from reciprocity?

Mr. MORGAN. Yes. But there are very few, if any, wine-producing countries to-day that are not enjoying reciprocity treaties.

Mr. DALZELL. Setting aside reciprocity treaties, wines containing less than 14 per cent of alcohol bear one rate of duty and wines containing more than 14 per cent of alcohol bear more duty, but under the reciprocity treaty they are all brought in at the same rate.

Mr. MORGAN. Yes. That is what I say.

Mr. DALZELL. There is a differentiation in the law apart from the reciprocity treaty, and then the differentiation is ignored in the reciprocity treaty?

Mr. MORGAN. Yes. That is what I say.

Mr. LONGWORTH. What did Doctor Wiley say of what Doctor Dunlap wrote when Doctor Wiley was away; when this letter was written?

Mr. MORGAN. He said, when he saw a copy of the letter, "I do not think I would have written that letter that way if I had been here." And then he went on to say that certain standards had been adopted, not yet approved by Congress, and I immediately took up with him the question of those standards, and I think I have the book here; perhaps I have not. But anyhow, the standard recognized fortified dry wines. It says fortified dry wines are dry wines conforming otherwise to dry wines to which brandy has been added.

Mr. LONGWORTH. It makes no distinction between 14 and 24 per cent?

Mr. MORGAN. No. It merely says, "conforming to standards otherwise for dry wines." Now, as I pointed out to Doctor Wiley, and he agreed with me, there is nothing to prevent the foreign producer from adding, after he has put in 22 per cent spirits, to the 2 per cent of wine the necessary dry extract and other constituents necessary to make it conform to the requirements of a dry wine. The danger of the whole thing is the indefiniteness of the law as to what shall constitute that 24 per cent of alcohol. In our law domestically we are not permitted to do that thing freely. We are not allowed to fortify dry wines, and the law is under very strict rules as to the quantity and manner of introducing it. It must be under the

supervision of an officer. He must be there present when it is done. If it exceeds the rate, the wine is seized and forfeited to the United States Government.

Mr. CLARK. Is the bulk of American wine in this lower class or this upper class?

Mr. MORGAN. I can give you that, because I have already quoted the figures of the total production of American wine. About 16,000,000 gallons is sweet wine, fortified under the law. The balance, 39,000,000 gallons, is what is known as "dry wine"—that is, wine produced by the spontaneous fermentation of the sugar in the grapes. In other words, this matter of importing foreign wines under the indefinite language of the law, as to what shall constitute the percentage of alcohol, strikes at the very heart of the wine industry in America.

Mr. CLARK. You want the differentiation of these things in reciprocity treaties, if reciprocity treaties there be? That is the whole of it.

Mr. MORGAN. Yes, sir. I want done in this country what is done in all these countries that are enjoying the fruits of reciprocity. In their tax they distinguish between a wine with natural alcohol and a wine with added alcohol. Why should they have privileges that we are not allowed to enjoy here? I only want tit for tat. What is fit for the goose should be fit for the gander.

Mr. CLARK. Are the Californians and the rest of the wine growers of the United States now in accord, or are they at loggerheads?

Mr. MORGAN. Well, Mr. Clark, you can say what your own constituents say about it. We have differed heretofore, but now at this time we are in the same boat. In other words, we are all getting hurt.

Mr. HILL. Did not the California people have free grape spirits in fortifying?

Mr. MORGAN. Yes, sir. Under very strict regulations.

Mr. HILL. But it is free?

Mr. MORGAN. Not exactly free. They have to pay 3 cents a gallon——

Mr. HILL. And the foreign importer pays 10 cents under the ordinary tariff, but under reciprocity he does not?

Mr. MORGAN. Providing that differentiation had been continued, there would be no objection. But I want to explain to you, Mr. Hill, that this is the trouble: In foreign countries, under the reciprocity treaties, dry wines, that is to say, wines which can not be classed as sweet wines and drunk as such, may be fortified, but that is forbidden under the laws of the United States.

Mr. HILL. It is simply a question between free fortification for the California wines and 75 per cent duty for the others.

Mr. MORGAN. Wines which are dry wines can not be fortified in this country, but they are permitted to be fortified in other countries, you understand.

The CHAIRMAN. When did we pass the law allowing them to be fortified?

Mr. MORGAN. June 7, 1906. It was first passed in 1890, and amended in 1894, and amended again in 1896.

The CHAIRMAN. Did we give them any hint that this could be done in 1906, or did they take it up first?

Mr. MORGAN. The sweet-wines laws were passed at that time.

The CHAIRMAN. That is as to the California wines, but do the foreign wines have to be fortified?

Mr. MORGAN. Eighteen hundred and ninety was the first date that the law permitting that particular use of spirits was passed for the purpose of fortifying sweet wines. The reciprocity treaties, under which the 35-cent rate covering all wines up to 24 per cent went into effect on the date which I have named in this paper. I have named it absolutely so that you could follow it; in other words, in France, June, 1898; Portugal, June, 1900; Italy and Germany, July, 1900, and Spain in September, 1906. I want to show the immense increase in importation of wines over 14 per cent. According to the records—and I think the records for the United States are right—the tremendous increase in the importation of wines containing over 14 per cent of alcohol, which means alcohol produced by distillation, and not by fermentation——

Mr. BOUTELL. What class of wines contain the highest amount of alcohol?

Mr. MORGAN. The wines from Spain and Portugal.

Mr. BOUTELL. How much do they contain?

Mr. MORGAN. They contain commercially, when sold, in the neighborhood of 20 per cent.

Mr. BOUTELL. How is it with the domestic wines?

Mr. MORGAN. About the same for that class of ports, sherries, angelicas, muscats, malagas, and wines of that class. They contain in the neighborhood of 20 per cent when commercially sold. The laws of the United States permit the fortification up to 24 per cent, and the reason for that is that some wines are made which can, under the law, be fortified only to 16 per cent. because the amount of alcohol is limited by law, and therefore the fortification is permitted to 20 per cent, so as to be able to blend the wines together.

Mr. BOUTELL. There are no wines properly made which contain over 24 per cent?

Mr. MORGAN. No, sir.

Mr. BOUTELL. There is one other question I wish to ask, as I think possibly I may have misunderstood you. I got the impression that you were contending that under the present law it was possible for wines to be imported with over 24 per cent of alcohol.

Mr. MORGAN. Oh, no.

Mr. BOUTELL. And escape the spirit tax.

Mr. MORGAN. Ch, no; but they are able to be imported up to 24 per cent, which in revenue bounds is 48 proof, whereas whisky is only 85 proof.

Mr. BOUTELL. Well, whisky that I drink does not contain anything. [Laughter.]

Mr. MORGAN. You may take a little occasionally medicinally?

Mr. BOUTELL. Never.

Mr. GAINES. Then your contention, Mr. Morgan, is that, having introduced the dry wine fortified up to 24 per cent, they divide?

Mr. MORGAN. They can do it; I do not say they do.

Mr. GAINES. They can do that and escape the tax?

Mr. MORGAN. One-half of the duty.

Now, I will continue my argument. I finished where I stated that it was possible to cut dry wines down, imported at 24 per cent, to 12

per cent, and therefore reduce the expense both of duty and of freight. [Continues reading:]

But this is not of so much moment to the domestic wine grower as is the proposition that dry wines fortified with distilled spirits up to 24 per cent of alcohol may be, and apparently from the records are, imported into the United States under a 35-cent duty, and that it is possible for every gallon so imported to be cut in half with water, and thus make 2 gallons of normal 12 per cent alcohol strength dry wines at the expense of 17½ cents for duty, instead of 35 cents supposedly imposed by the tariff, at the same time the freight expense being also reduced by one-half. This also to a lesser extent may be practiced with sweet wines, the normal commercial strength of which is about 20 per cent of alcohol, while with wines of 24 per cent strength it is possible after arrival to cut them down one-sixth, and thus reduce by that ratio the cost of duty and freight.

It is, however, fair to say that under the laws of the United States we are also permitted to fortify them up to 24 per cent, providing the grapes will permit it, but mighty few will; whereas, with the foreign wines they can do it anyhow; that is, our grapes will permit only the limited amount of alcohol permitted under the internal-revenue laws. I want to be fair in these statements. [Continues reading:]

Vermouth, of which sweet wine is the normal base, and which forms a large item under the head of imported wines, can not be made in the United States, the use of domestic sweet wines being prohibited by the regulations of the Internal Revenue Department. And as the import duty per degree of alcohol is considerably less than the internal-revenue tax on distilled spirits, the manufacture of vermouth in the United States is rendered commercially impossible.

In other words, it might be contended by the Internal Revenue Department, and is, that you can take distilled spirits and pay the tax on it and make the vermouth, but the cost of the spirits is so much in excess of the import tax, being 24 per cent, that it is impossible. [Continues reading:]

Under the present reciprocity tariff, whereby no distinction is made between dry wines and those fortified with distilled spirits up to 24 per cent, the California producer labors under very great disadvantages: First, in the case of bulk wines, he is at a freight disadvantage which reduces the tariff by 6 cents, or to 29 cents.

Now I will answer the argument of the gentleman who preceded me with regard to the freight rates from the interior. The freight rates from the interior in California are very high. They are largely local rates. Take Mr. Needham's district, Fresno, for instance, Tulare County and those counties. The freight to the seaboard is from $4.50 to $5 per ton—that is to say, from 2¼ to 2½ cents per gallon. The gentleman who preceded me was also mistaken as to the area in which wines were grown, because he said fifteen or twenty or thirty years ago Los Angeles was the center. Los Angeles has to-day a very much smaller acreage, I suppose not one-third or one-fourth that Fresno and Tulare counties have; in other words the wine industry of California has moved north, and the great dry-wine producing center to-day is Sonoma County. The freight rate from Sonoma County is in the neighborhood of 2½ cents per gallon. The freight rate from Napa County, according to the distance from the bay, is less, and so it goes. But the proof of the pudding is in the eating of it, and not in chewing the string. The fact that normally 600,000 gallons went by sea, and the total importation into New York was 6,300,000 gallons, shows that either the California producer is a stockholder in the railroads or else a fool, I don't know which.

Mr. Clark. What does he ship it to the seaboard for, anyhow?

Mr. MORGAN. The line running east and west is limited by the mountains. You understand that the Sierra Nevada Mountains run north and south on the eastern boundary of the State.

Mr. CLARK. Then do they take the San Francisco rate?

Mr. MORGAN. Yes; the San Francisco rate is the common-point rate by rail. The rate is the common-point rate.

Mr. CLARK. But what I don't see is why he ships by sea.

Mr. MORGAN. Because, as I have explained in this paper, it is a question about being able to get space on the Pacific mail steamers. We have frequently been unable to ship our wines upon them; have been shut out, and the other vessels are all such irregularly sailing vessels as to make it impossible to ship it.

Mr. CLARK. You stated a while ago that you maintained a depot in New York. If you maintain a depot in New York, you know how much wine, and the various qualities, you are going to sell in the New York market next year, and why not ship it by sea and save the freights?

Mr. MORGAN. Because we have to bring it from the interior to the seaboard to make a saving.

Mr. CLARK. You have to ship it to the seaboard to start it?

Mr. MORGAN. No; I say that every point in California is a common point.

Mr. CLARK. Then you might as well ship from one point as another.

Mr. MORGAN. That is exactly correct.

Mr. UNDERWOOD. On this rate question, do you claim that you are entitled to a protective tariff on account of the shipping rate of freight to the European markets and to reach New York? You sell only a proportion of your goods in New York, on the Atlantic seaboard?

Mr. MORGAN. But the largest proportion. I should say that of all the dry wines sold—and practically my argument is largely on the dry-wines question—five-sixths are sold on the Atlantic seaboard.

Mr. UNDERWOOD. How is it as to sweet wines?

Mr. MORGAN. As to sweet wines, five-sixths are sold in the interior.

Mr. UNDERWOOD. California is a maker of sweet wines?

Mr. MORGAN. Wait a moment. I will not say five-sixths, but I will say three-quarters. In other words, the Scandinavian population of the Northwest, the same as in northern Europe, is a drinker of stronger alcoholic wines. The districts in the south of Europe, such as those of the Frenchman and the Italian, are the districts where the dry wines are consumed. In other words, New Orleans is not a great market, while New York is a great market. It is only in the great interior of the country, where the Italians and south Europeans congregate, that we have any sale whatever.

Mr. UNDERWOOD. Do you not sell dry wines or sweet wines to the American population?

Mr. MORGAN. I am giving the reasons why, and the districts. For instance, Boston is a great sweet wine market, because it is in the north. It is a question, apparently, of climate. Take the Russian. The Russian drinks vodka, away up to 150 proof. Come down to southern Europe, and they want the light wines. I do not know why, but those are the facts.

Mr. UNDERWOOD. Suppose we take Indiana as the center of population, and consider the difference in the freight rate from California

to Indiana, Indianapolis, say, and the freight rate from the Atlantic seaboard to Indianapolis.

Mr. Morgan. The freight rate from California to Indianapolis is the same as to New York, no different.

Mr. Underwood. The same rate?

Mr. Morgan. The common-point rate; the postage-stamp rate.

Mr. Underwood. That is, it costs you just as much to send a case of wine to Indianapolis as to New York?

Mr. Morgan. Just the same, $1 per hundred pounds.

Mr. Underwood. What does it cost the foreign shipper to reach Indianapolis?

Mr. Morgan. Now, I will say that you have picked a very unfavorable State. I have found that our entire shipments for the first six months of this year amounted to less than one hundred packages.

Mr. Underwood. I merely took the State of Indiana because it is the center of population of the United States, I believe. What is the freight rate from New York City to Indianapolis?

Mr. Morgan. I do not know what it is, but it is considerable. But you understand that we can not force the people in a district to drink wine who will not drink wine. We have considered only the centers which do drink wine.

Mr. Underwood. When you take the interior of the country the foreign shipper has to pay the interior freight rate, and that equalizes the amount.

Mr. Morgan. Provided the gallonage is equal. You understand the gallonage is drunk on the seaboard and not the interior, on dry wines. This argument is made upon the question of being able to fortify dry wines to 24 per cent and sell them as dry wines, an argument that has not been made upon the question of sweet wines.

Mr. Underwood. Well, the committee is interested in both.

Mr. Morgan. I say this, that it is an internal-revenue question also as to whether a wine fortified practically all with distilled alcohol can be brought into the United States and used in rectifying and every other purpose, manufacture and everything else.

Mr. Underwood. But my question was directed more to the question of the amount of duty to be levied to equalize the cheapness of water rates. That equalizes itself as you go into the interior.

Mr. Morgan. Certainly, provided the wines are sold in the interior. Take Indiana. I am talking about gallonage. You understand the proportion of gallonage on dry and sweet wines is as 16 to 39. Now, we will say that three-quarters of the sweet wines are drunk in a region which has to pay freight from the Atlantic seaboard.

Mr. Underwood. That equalizes it.

Mr. Morgan. No; it does not exactly.

Mr. Underwood. To some extent. To how large an extent?

Mr. Morgan. Of the dry wines, 39,000,000 gallons as against 16,000,000. The larger proportion is drunk upon the seaboard, but we can not compete under those conditions. That is the point I am making.

Mr. Underwood. You gave us some very interesting facts, carefully compiled, with reference to labor cost in Europe and America. I would like to ask you if you have made any investigation as to the efficiency of European labor and American labor in the factories?

Mr. MORGAN. I can only answer in this way, that when the Italian comes to this country there is no better laborer, no better man, no better citizen, and none out of whom we get more work than he.

Mr. UNDERWOOD. How is it in the other countries?

Mr. MORGAN. There it is the same way, no better man. If we could only choose in California as to the population, as against the Asiatic laborer, but we can not get the other labor.

Mr. UNDERWOOD. Do they produce as good results as the American laborer?

Mr. MORGAN. Undoubtedly; in the fields, much more. The American laborer is not constituted to work in the hot sun of the fields, and will not do it. He will not go out picking grapes. I will give you an interesting statement with regard to the way the Japanese do. In one of the large vineyards in Fresno County, Cal., last year a Japanese and his wife, the wife carrying a baby on her back, made $12 a day picking grapes at the regular rate that was being paid.

Mr. CRUMPACKER. Do not the women and children gather grapes in Italy and France?

Mr. MORGAN. They do.

Mr. CRUMPACKER. Are they as efficient as the American laborer?

Mr. MORGAN. Do you mean at the relative price?

Mr. CRUMPACKER. Yes. Take the children there, 6, 8, and 10 years of age, can they gather as many grapes as an able-bodied American?

Mr. MORGAN. No, sir; but what I want to say is that there is a great difference between the labor in California and in this part of the country. Those gentlemen who have been out there in the season will know that.

Mr. NEEDHAM. Coming back again to the question of freights, it is 250 miles from the seaboard to Fresno?

Mr. MORGAN. Two hundred and eight miles by the shortest route and 250 miles by the other route.

Mr. NEEDHAM. That would be on the average a greater distance than any other wine-producing country to the seaboard.

Mr. MORGAN. I do not know the width of the Italian belt, but I do know that you would have to hunt a long while before you could find a distance of 300 or 400 miles, as the gentleman who proceeded me stated. I do say that the distance apparently from the map and from districts is no greater. You understand that California, east and west, is limited by the mountains. There is a strip of country that runs down from the mountains.

Under the present reciprocity tariff, whereby no distinction is made between dry wines and those fortified with distilled spirits up to 24 per cent, the California producer labors under very great disadvantages; first, in the case of bulk wines he is at a freight disadvantage which reduces the tariff by 6 cents, or by 29 cents; second, the containers by reason of the greater cost of labor engaged in the manufacture of the barrels, cost him more than the foreign wine producers. The gentleman who proceeded me said that the cooperage of Italy cost 5 cents a gallon. Grapes, by reason of the higher cost of labor, cost him more to grow and the preparation of his wines for market also for the same reason is more expensive. [Continues reading:]

The ruling of the Internal Revenue Department, which denies to him the privilege of using his wines in the making up of medicinal preparations is also a very serious handicap, though it is fair and proper to say that the Commis-

sioner of Internal Revenue has at this time under consideration the modification of the extreme ground which his bureau has taken in the matter, but while the Commissioner in the exercise of a kind discretion may ultimately reverse the former drastic regulations, the very fact that it was originally issued shows that there exists in the mind of the officers of the bureau a doubt as to the law on the subject and in the revision of the tariff an earnest appeal is made that there should be included a provision which will, beyond a question of doubt, prevent the discrimination which now exists in favor of the use of imported wines in the United States for purposes that are unlawful in the case of wines grown in the United States.

I want to give a sample of that. One of the canners in California asked the Internal Revenue Department if he could use fortified sweet wine for flavoring wine jellies. The answer was that under the law he could not. Then he asked if he could use imported wines, and he was told that he could use imported wines. [Continues reading:]

In any revision of the tariff on wines there should also be reestablished a differential between wines containing only alcohol produced by natural fermentation and those which have been fortified by the addition of distilled spirits, so that the condition may not continue to be presented of the possibility of importing alcohol into the United States at a less rate of duty than is exacted on domestic spirits by the revenue laws, or of such a handicap being placed on the domestic wine producer as the possibility of importing a wine of so high an alcoholic strength that after arrival in the United States the addition of water may effect the cutting in half of the established import duty. In the case of wine imported in bottles the handicap to the California producer is even more pronounced, so much so, indeed, that the shipping of cased wines has practically ceased. He must pay duty on bottles and corks which he uses, which duty the foreign wine producer is relieved of: he must pay a wage scale for filling the bottles fully double that which the foreigner has to pay, and the freight on a case of wine containing twelve bottles is about 54 cents as against 15 cents which the foreigner has to pay.

When the vineyards now planted in California have come into full bearing, they will be capable of producing almost a million tons of grapes, for which, either in the form of raisins, table grapes, or wine, the California grower has looked forward to finding a market, but since the reciprocity clause in the tariff of 1897 has begun to show its full effect in the invasion of the domestic field, which thus threatens to cut off his natural market, he looks forward to the future, unless some relief is granted him in the revision of the tariff, with apprehension almost akin to despair. Italy and France are both now staggering under a vast overproduction of wines and will not let slip such an opportunity as is presented under the present reciprocity tariff to dump their surplus in the United States to the detriment and perhaps bankruptcy of the American producer.

I have letters here in regard to the cost of Italian wines in New York. This is an extract from a newspaper item which has gone all over the United States. I do not vouch for its proof, but it came from abroad. (Reads:)

WINE BY THE HOUR IN ITALY.

There was a big wine crop in Italy last year, and there is another big crop this year. The result is that the price of wine in Italy has fallen to 1 and 2 cents per quart. But instead of wine by the quart, in many parts of Italy people can drink by the hour.

Thus at Catane for 3 cents one can drink ad libitum for an hour. But the bargain is not so great as might appear, for the price of wine is only a halfpenny a quart, and to drink 3 quarts of Sicilian wine in an hour is no slight undertaking.

At the neighboring town of Aciacatena the price for one hour is only 1 cent, while for 3 cents one can drink for two hours. So successful has this system been in the south that it has been adopted in the north of Italy. In the neighborhoood of Bologna, where the wine is of better quality than in Sicily, the tariff (per hour) is 8 cents, while for the second hour it is only 6 cents, and for the third 4 cents.

Now, as to what wine can be imported into New York for, I have this letter from New York:

THE CALIFORNIA WINE ASSOCIATION,
New York, November 11, 1908.

PERCY T. MORGAN, Esq., *Washington, D. C.*

DEAR SIR: Referring to conversation over telephone this morning, it did not occur to me at the time that I had sent you, this spring, information on costs abroad for wines from Spain and Italy. I also informed you at that time, I believe, that it was contrary to law for any custom-house official to give out any information regarding invoice valuations or anything else connected with the importations of any kind of merchandise. This latter fact was verified again to-day when we attempted to get some data through our custom-house brokers; so there is no use trying any further in that quarter.

A friend who imports fairly cheap Italian wines is out trying to get from the same party the figures ruling at present. I think that the cost we gave you this spring was 57 cents, landed in purchaser's cellar in New York. If that is so, then it is proper to make the following deductions: Duty, 35 cents; freight; commission on the other side (the shipping in Italy is all done through commission houses); outage; cartage at New York; marine insurance; custom-house expense here, 5 cents per gallon; cooperage, 5 cents per gallon, which would leave as the first cost 12 cents. It is to be borne in mind that these prices apply to comparatively small quantities, say, from 25 to 50 barrels, and on these small lots the general expense enumerated above figures out quite a large percentage. On orders such as we consider of fair size only, say, 250 to 500 barrels, where the pro rata of expense would be comparatively lower, and which could, no doubt, be bought at a reduction from the above figures, the first cost, in our opinion, would not figure out above 10 cents per gallon, and possibly much less.

Then, again, it is to be remembered the wines coming in at above figures are not the cheapest wines to be had by any means, and the reason for this is that 10 to 12 cents will buy a pretty good quality of wine. The better qualities are usually taken. Talking about how low wines can be purchased on the other side, I beg to refer you to within clipping, taken from the wine press. I saw the article first in the daily papers, and Mr. Vance will no doubt be able to tell you where it was taken from. According to this, wine can be bought at 1 cent a quart or 4 cents a gallon.

Gentlemen, I have not come to ask for any reduction in the tariff on dry wines. I think the 35 cents duty, even under the reciprocity clause, is a fair one, but I do ask that the duty on case wines be readjusted, because it is absolutely unfair. It is less than the duty on bulk wines, when it should be greater, on account of the higher value of the wines, or the fact that labor so largely enters into the question of the cost of the wine. But I do ask that, under any revision of the tariff, a differentiation should be made between the wines which contain alcohol by a natural fermentation and wines which contain added distilled spirits.

Mr. UNDERWOOD. In other words, you think that there ought to be more protection on wines that contain alcohol by natural fermentation?

Mr. MORGAN. I think there ought to be a less duty; not a less duty than the present tariff, because that would completely destroy our industry, but that there should be a tariff—if the tariff is 35 cents

Mr. MORGAN. I think there ought to be less duty; not a less duty
there should be at least added to that the internal-revenue tax which is charged to the American producer upon added alcohol in dry wines.

Mr. UNDERWOOD. You have free alcohol.

Mr. MORGAN. I beg pardon; not for dry wines. We are not permitted to fortify a dry wine with alcohol free of tax. If we wish

to raise the percentage, the eastern grower is permitted by the internal-revenue regulations to add not exceeding 10 per cent to his wine, because their grapes are frequently so low in saccharine contents that they will not ferment out a sufficient amount of alcohol to preserve them, and they are therefore permitted to add 10 per cent, but they have to pay the tax on it.

Mr. UNDERWOOD. Free alcohol is limited to sweet wines?

Mr. MORGAN. Free alcohol is limited to sweet wines alone, and it is extremely specific in its provision, extremely restrictive, and is carried on under absolute supervision of the officials of internal revenue, whose expenses are provided by the sweet-wine producer of 3 cents per proof, or 6 cents per absolute, gallon of alcohol.

Mr. UNDERWOOD. If the question should come to a maximum and a minimum tariff, what effect would it have on this industry, and how, in your judgment, should it be made?

Mr. MORGAN. A minimum tariff should not be less for dry wines than the present reciprocal tariff of 35 cents per gallon. There should be added to that for wines which are fortified by alcohol—that is to say, distilled alcohol—such an amount as is considered proper to protect the revenue. Then it should be ranged up. But I do not care how high you put it as a maximum; but the minimum should not be less than the present tariff, the reciprocal tariff, on dry wines.

Mr. CLARK. There is one thing about the California wines, that they have to ship their staves across the country, and I would like to ask if there is not anything in California out of which they can make staves.

Mr. MORGAN. We are now attempting to develop it. The expense of cooperage has become so prohibitive that we are endeavoring to develop a barrel made from spruce wood, and that spruce wood to be lined with paraffin so as to prevent the action of the wine upon the wood in drawing out the essential oils.

Mr. CLARK. Do they make bottles in California?

Mr. MORGAN. Yes; at the Illinois Glass Works in San Francisco; but we can not make what is known as the claret bottle, because we have not the sand with which to make the glass, the Belgian sand which gives color to the bottle, and quality. That we have not been able to attain. The common bottles we use for grape juice, and a lot of such things, but not for the fine purposes. They make bottles in the East, but we have to pay the freight from the East.

Mr. CLARK. What I was trying to find out was whether you could not make tubs, tanks, and bottles in California, and save the freight rate.

Mr. MORGAN. No, sir; but we do not save the freight rate, because the cost at the factory there is based upon the import duty and the freight rate, the labor conditions making that justifiable. The labor conditions in California make labor so high, and the number of first-class workers is so low——

Mr. CLARK. It would not do you any good?

Mr. MORGAN. No; I do not think it would be justified. I am sure the glassworkers are not making exorbitant profits, because from the way they are always trying to collect their bills they must be close up.

STATEMENT OF MR. LEE J. VANCE, OF 245 BROADWAY, NEW YORK CITY, SECRETARY OF THE AMERICAN WINE GROWERS' ASSOCIATION.

Mr. VANCE. I might say in explanation that I am the secretary of the American Wine Growers' Association and publisher of the trade journal devoted to that interest, that is, to wines and mineral waters.

I would like briefly to supplement Mr. Morgan's remarks in some particulars where he has not touched or perhaps brought out the points that we think should be brought out. Before doing so, I would like to refer to the remarks of Mr. Hamilton, the attorney of the importing interests, and also the attorney for the Italian Chamber of Commerce.

I appreciate his compliment, because his memorial seems to be a direct answer to an interview which I had with the reporter of the Journal of Commerce of last Monday, and therefore, without repeating the interview, I would like to put it in evidence, as that answers his remarks. He is evidently trying to answer what I said there.

Speaking of the hearing, Secretary Lee J. Vance said:

The grape and wine growers of the United States believe that the majority in Congress will continue that wise policy which has always fostered and encouraged agriculture, which includes, of course, viticulture, or the growing of grapes. As a result of this policy thousands of farmers in the Eastern States and in California have been led to plant 300,000 acres of vineyards, and the annual grape and wine crops of the United States not only represent investments of about $100,000,000 of capital, but they are now one of the great sources of wealth and prosperity to the people of the vineyard districts of our country.

Our wine makers are now the largest and best customers of the grape growers, who receive higher prices for their product than anywhere in the world. Thus our champagne makers paid this fall from $80 to $90 per ton for their grapes, and although grapes were cheaper this year in California than for many years, yet the growers there sold their crops at prices which would be considered extravagant in France, in Italy, or in Spain. In those countries wines can be made and sold so cheaply as to make it impossible for our wine makers, who pay such high prices for their labor and their grapes, to compete at all with their foreign rivals.

Even at the present time in France and in Italy ordinary wines are now being sold at 8 and 10 cents per gallon. If the tariff were lowered to any extent, the foreign wine dealers could flood this market with cheap wine, and thus take the market away from our own grape and wine growers. Even under the present tariff duty immense quantities of cheap foreign wines are shipped into the United States and sold at the same price as our cheapest wines.

In point of fact, California wines pay a duty in the shape of 7½ cents per gallon freight charges to get to the New York and other eastern markets, while the cost of bringing foreign wines by sea to the same markets is only about 2½ to 3 cents per gallon.

In conclusion, there is no good reason why foreign wines, which are mostly regarded as a luxury, should not pay a proper duty; that is, a duty which will give proper protection to the capital and labor interested in the American grape and wine growing industry.

In addition to that, I should also like to contradict some of the remarks of Mr. Hamilton, based upon facts as to the price of foreign wines and as to the cost of getting them here and as to what is proper protection.

I have here the last number of the Feuille Vinicole de la Gironde, of October 29, the wine paper published at Bordeaux, and which we receive in exchange at our office. The quotations for wines at Montpellier and at Beziers are as follows: The sale of 1,500 hecto-

liters from the sellers, partly, at 9 francs 50 centimes a hectoliter. At Beziers the sale of different lots of wine, ranging from 5,000 to 13,000 hectoliters, at 9 francs 25 centimes a hectoliter to 10 francs per hectoliter.

I would say that a hectoliter is 26 gallons and a half. I would say also that the franc is about 20 cents of our money, and therefore the prices would range from $1.80 to $2 per hectoliter, which is at the rate of about 8 or 9 cents per gallon.

In the same journal is the market report from the correspondent in Spain, showing that their wines are now being sold at 23 to 25 pesetas for 160 liters of 12 to 13 per cent of alcoholic strength.

In Italy the present sale of wines is on the basis of 6 to 11 lires per hectoliter, the lire being about the same as the French franc—20 cents.

Those are facts, and I believe that a pound of fact, as in the old saying, is worth a ton of theory. Those are the facts as to the wine prices from there, and there should not be much dispute about it. And that is very low; so cheap that we could not possibly, with our conditions here—the prices of land, the labor, the price of turning out the wine—undertake to compete with any such condition, such as the production of wines at 8 and 10 cents per gallon.

I have the last edition of the Revue des Vins & Liqueurs, published in Paris, which says: "In Languedoc business is improving. The quality of the new wines is not up to that of last year, but business is done at the rate of 80 or 90 centimes, the degree per hectoliter for the small wines and 90 centimes to 1 franc 10 for fine wines."

Those are facts as to what the wine is selling for over there, and those wines would come in competition with ours unless we had some protection against them.

Mr. Boutell. Are those wines imported to this country that you have just quoted?

Mr. Vance. Yes; the dealer buys those wines throughout the country; goes to those markets. No wine man would have made the statement that Mr. Hamilton did—that the Italian wine would not bear the sea voyage, while the California wines do. Wine is wine, if it is properly made, and will bear the sea voyage.

Mr. Boutell. The French wines that you quoted there sell in the American market?

Mr. Vance. Sure.

Mr. Boutell. Those wines are quoted there at 7 cents a gallon.

Mr. Vance. Eight and 9 cents a gallon.

Mr. Boutell. What are they quoted for on the wine tariff at the hotels in Washington?

Mr. Vance. A dealer buys those wines and bottles them generally under his own label, therefore he gets a fictitious profit, in a sense, because he sells to customers who are willing to pay his prices.

Mr. Boutell. In other words, we can greatly increase the duty on these wines, at the same time leaving an enormous profit to the foreigner and greatly increase our revenue?

Mr. Vance. Undoubtedly. In other words, if Mr. Hamilton's theory is correct, that the reduction of the tariff on those wines the consumer pays for, in a certain sense, while if you raise the tariff the consumer will get the benefit of it; that is absurd.

I have another clipping showing what the Italians are doing under the present tariff. The Italians have made the greatest progress in

the importation of wines, and I have here the statistics for the month of October, 1908, the importation of wines, spirits, etc., at the port of San Francisco. The Italian dealers send their wines 3,000 miles to New York, and then 3,000 miles more to California, right under the nose of our friend Mr. Morgan and others, and there you will find that for the month of October, wines from Antwerp—I will read a list of the cases are reported (reads): 111 cases M. Marceau. 60 cases, A. de Luze & Fils. 125 cases Chianti. 20 cases of Marsala. 250 cases of Vermouth. 150 cases F. Bercolli. 151 cases Marsala; 900 cases, 200 cases, 1,100 cases, and so on. So the dealers are not so very bad off when they can do that and ship it right into San Francisco, and it seems to me, without repeating any of Mr. Morgan's arguments, and without going into details, that there is no doubt that under our present condition—Mr. Hamilton also referred to that, saying that we are no longer an infant industry; but we are, and two members of this committee can verify my statement. I think the chairman of this committee has seen in his own district barren land along the lakes worth $15 an acre, now covered with beautiful vines under the stimulus of the wine maker, who buys the grapes. Also Mr. Needham's district, when I first visited it, in the center of California, was barren, while it is now covered with vines; and Mr. Morgan's company has set out a beautiful vineyard of 2,500 acres. That is what has been done for our industry. It is an infant industry. We think we make fine wines; naturally we are proud of them. At the same time we are not strong enough to overcome the prejudice of the people who favor foreign wines, nor are we in a position to compete with them.

I have also a letter here published in the San Francisco Call of October 4 from a traveler in Italy dated Asti, August 28, which says:

Asti, from which I write these notes, lies in the center of the wine trade in the north of Italy and is a prosperous city of nearly 40,000 inhabitants. Although the wine this year is only worth 8 cents a gallon, yet I have never seen a drunkard in the streets, and the peace of the city is protected by the limited number of six city guards.

There should not be any great doubt as to what wine is selling for over there, at least I think it can be easily proven.

Turning now to the subject which Mr. Morgan has not touched, and with which I am rather familiar, which is the eastern wine and champagne industry, I will say that the bulk of the champagne industry centers in New York State, around what is known as Lake Keuka region. There are some eight or ten wineries that produce probably 75 per cent of the domestic champagne. The greatest progress has been made in our champagnes as far as promoting and selling them to the people is concerned. The reciprocity treaty with France reduced the duty from $8 to $6 per case, giving the importer $2 per case as a gift. Last year, with an importation of 413,000 cases, that $2 gift was simply putting in his pocket $838,000, in round figures, and which benefited no one excepting the importer. The price of champagne is the same, not 1 cent less. The importer has not made any reduction excepting in a few cases where competition has come in.

Mr. Clark. Why do not the people who sell the wines, those at the hotels and such places, wake up and force the importers to give them a part of that gift?

Mr. VANCE. They did in New York, and in one case a reduction was made whereby 95 cents of the dollar gift was kept out and the other 5 cents went to the man who kicked.

Mr. CLARK. They ought to divide it up so that the importer would get a little, the hotel would get a little, and the drinkers would get a little.

Mr. VANCE. But the latter got nothing. As I say, we made a gift of $2 a case, and they are using that $2 a case on general advertising, which is done on a very liberal scale, to fight our own domestic champagnes. Our champagnes are making great headway, but our increase has been due to the American getting wise to the fact that he can buy a good bottle of American champagne, equal to that which is imported, at about half the price.

Mr. HILL. That is not a question of competition at all, but a question of revenue?

Mr. VANCE. Yes. Why should we make a reciprocity treaty and give the foreigner $2 per case?

Mr. HILL. But what difference does it make as long as it does not affect your industry?

Mr. VANCE. They use that $2 in order to fight us in a commercial way. If we had $2 a case to fight them, it would make a great difference with us. We are selling wine at the wholesale prices of $12 to $14 dollars a case, the consumer paying about $1.50 to $2 a bottle. If you give our champagne producer $2 a case, I will warrant you they will spend $1.90 of that in promoting it, because champagne is a wine that must be "promoted," as we call it. In order to extend the sale of that wine you have to use means of introduction which the still-wine maker does not require. The man goes around, treating his friends, "opening wine" as it is called. All that is a help to the importer, but it does not help anybody else.

Mr. BOUTELL. In other words, you have given an illustration of a straight reduction of 25 per cent in the tariff where the consumer gets no benefit whatever?

Mr. VANCE. Yes; and that is the absurdity of Mr. Hamilton's proposition. I have never yet seen anyone or heard of anyone getting a benefit from that reduction excepting the importers, and I do not think anybody else has.

Mr. LONGWORTH. Mr. Hamilton also said that it costs three times as much to produce the same quality of champagne in France as in this country.

Mr. VANCE. I am glad you asked that, because it gives me an opportunity to deny that statement point-blank. The fact is that our grapes, as I said in that interview, are the highest-priced grapes. Last fall we paid sixty to eighty dollars a ton for Delawares and Ionas and other high-priced grapes which are required in the manufacture of champagne. Even the cheapest California grapes this season, which were unusually cheap, would be considered as at an extravagant price for grapes abroad, a grape that cost $3 a ton.

Mr. CLARK. How much do they sell for abroad?

Mr. VANCE. There the highest-priced grapes are in the champagne districts where they have these little proprietors with vineyards as big as this room. Those grapes are sold for the highest price, and equivalent to our ton are $30 to $35 and even higher.

Mr. CLARK. You know that, do you?

Mr. VANCE. That is the fact.

The cheap grapes are from the south of France, where the wine strikes were last year and where you go through the country and see the vineyards there just like the great cornfields are in the West, where you ride for hours and are not out of sight of a vineyard. There, of course, grapes are very cheap—$5 or $6 a ton.

Mr. LONGWORTH. What is the relative cost of production?

Mr. VANCE. The cost in this country as compared with the cost of foreign champagnes, I should say, was at least 25 to 35 per cent higher. Everything we have is higher. Grapes are higher, labor is higher, and our conditions are such, our standard of living is such, and everything that we buy is so much higher that it amounts to fully 35 per cent.

Mr. CLARK. Mr. Vance, does the land upon which champagne grapes grow in France sell for six, seven, or eight hundred dollars an acre?

Mr. VANCE. In the champagne districts it does; yes.

Mr. CLARK. How did Mr. Hamilton get hold of the information which he gave us upon that?

Mr. VANCE. I am not accountable for Mr. Hamilton's figures. There are places in France where you can not buy land for a thousand dollars an acre.

Mr. CLARK. That is what I thought. I should think that the interest upon the grape land in France would be as much as the land is worth here.

Mr. VANCE. You go along the Lake Keuka district, and I think the chairman of this committee would have to pay $500 an acre for the grape land there.

Mr. CLARK. But that is after it is already put out in vineyards.

Mr. VANCE. It is already put out in vineyards in France.

Mr. CLARK. No; I understood the land itself was worth that.

Mr. VANCE. Oh, no. It is only in the centers of certain parts of France where there is a demand the same as there is in this country. In those small centers of production you will find, under their customs and traditions, lots of land cut up into small parcels which is not sold frequently, but is handed down by inheritance. Therefore it is valued highly. There are vineyards in France that bring very high prices in the champagne district, but it is the exception that proves the rule.

In regard to freight rates, I know as a fact that the German Government gives what might be called a rebate to the wine exporters in order to encourage the exportation of wines. It is like an illustration used by a gentleman who claimed to know that it cost as much to send a grade of crockery from East Liverpool, Ohio, to Chicago, Ill., as it would the same grade of product from Germany to Chicago, on account of the combination rate, so to speak, whereby the steamship line would get so much and the inland freight lines get so much, but the reduction is made in order to encourage the export, which is legitimate so far as Germany is concerned; but if it does not interest us we should not enter into the tariff scheme whereby we would encourage it.

In conclusion, I would like to call the attention of this committee to another subject outside of wines, and that is paragraph 301, mineral waters, which I am interested in as publisher of a paper.

Our mineral-water industry has grown very fast under the present way of doing business, but we should do something to encourage the industry and at the same time meet the tariff regulations, we will say, of France, which country practically prohibits American waters. The French tariff law of July 18, 1906, imposes a duty of 20 francs ($3.86) per 100 kilos; that is, 220 pounds, not including bottles. This is simply prohibitive, and is undoubtedly meant to shut out American waters. The French duty of 20 francs per 100 kilos on our waters means $3.71 a case of 100 pints and $3.25 per case of 50 quarts. It means $1.42 on the water alone.

Now, when France gives us that kind of a tariff, I think we should give France the same thing; that is to say, there is no reason why France, in order to protect her mineral waters——

The CHAIRMAN. Is that the minimum tariff of France?

Mr. VANCE. I will say that I have here a letter from Hon. Robert T. Skinner, consul-general, referring to some extracts from their duties. They not only assess the water, but put an extra heavy duty on containers, such as jugs and bottles, whereby it is practically prohibitive. We were building up quite a trade with some of the well-known waters there when the duty barred us out.

They have also made another restriction in their tariff. Before water is allowed to be imported into France or offered for sale 5 gallons must be bottled at the spring in the presence of a representative of the French Government and two or more disinterested citizens, sealed in their presence, and forwarded to the bureau of chemistry and hygiene, and a permit authorizing the importation must be issued.

Mr. LONGWORTH. What is their tariff against other countries?

Mr. VANCE. The same thing, I think. That is their general tariff law.

Mr. Skinner, in his reply as to the foreign waters, said: "As to foreign mineral waters, they can only be imported into France if they figure upon the official list of authorized mineral waters."

You have to pass an examination, so to speak, which so few foreign waters do. As to the German foreign waters, the Apollinaris, the most celebrated, goes into France under the old régime whereby they were allowed to come in, but after they got Apollinaris, they made them blow on the bottle "Artificial," with the idea that in bottling that water they added a slight amount of salts in order to give it life and sparkle, but under the French law they wanted to discriminate against the foreign waters, and therefore the least they could do was to make it "Artificial."

Mr. Skinner further says: "In the contrary case they are prohibited. But his prohibition may be removed by ministerial decision upon a formulated demand addressed directly by the importers to the minister of the interior. The general tariff upon mineral waters is 20 francs per 100 kilos ($3.86 per 220 pounds) net, and their recipients are subjected to the tax applicable, according to their nature. Under the minimum tariff (which does not apply to products of American origin) mineral waters are free of duty; for such as are imported in jugs, the immunity extends to the container and to the contents; but when they are imported otherwise than in jugs the recipients, bottles, etc., are taxed separately. I complete the

information here supplied by indicating that the restrictions mentioned apply only to importations of a commercial character. In the case of medicines or mineral waters, imported in trifling quantities for the personal use of individuals and beyond the range of commerce. the administration may, exceptionally, and upon special request in each case, authorize the introduction of such articles upon the payment of the taxes laid down in the regular list."

It only shows what other countries are trying to do for their industries and for their products, including wines and mineral waters, and I do not see any reason, as a good American, why we should not do the same.

In conclusion, there is another thing that occurs to me in regard to the labeling of foreign products. At present, as I suppose most of this committee know, the pure-food law in regard to labeling beverages, such as whisky, in which I am not interested at present, yet it brings up the point—and in preparing a new tariff law there should be some uniformity whereby the labeling of our domestic products is not discriminated against to the advantage of the foreign article. Now foreign Scotch and Irish whisky, which under our pure-food law is obliged to be labeled "imitation" whisky, or artificial-colored whisky, or artificial whisky, comes in without any restriction, simply as whisky, is sold as such, and the consumer thinks he is getting the straight goods.

Now there should be some clause put into the tariff whereby the Secretary of the Treasury, or the proper authorities, can have the labeling of our products uniform, and at the same time make the foreign product be labeled in the same way.

Mr. GAINES. Does the pure-food law require the labeling of foreign goods?

Mr. VANCE. Our treaties practically prohibit it. The British ambassador said that people had sent Canadian whisky across the border, and as a matter of diplomacy the regulation in reference to it was suspended. Such incoming products should be marked the same as our own. The hesitation of the Treasury officials in applying the regulation was due to the fact that under the law there was no power in the Treasury Department to prosecute the marking of such goods either as an importation or when coming from the refiners or distillers. They import this whisky in bottles, and under the present law there is really nothing in the way of a regulation whereby the foreign goods stands on an equal footing with ours. They should be put on a footing with ours. I think that the industry should be compelled to make goods which would come under a suitable regulation in a proposed tariff measure whereby foreign goods are not in any way outside of the regulation of our pure-food law.

Mr. BOUTELL. Have you considered whether any amendment could be made to Schedule A whereby the revenue could be increased?

Mr. VANCE. I do not know whether I can answer that in a brief form. I think possibly I could if I were given more time in which to do it.

Mr. BOUTELL. In a general way, do you think that the suggestions which you have been making, if conformed to, would increase or decrease the revenue?

Mr. VANCE. I do not think there would be much difference. As suggested by Mr. Morgan, the present rate should not be less than 35 cents per gallon on wines. The foreign dealers are now sending wines into Mr. Morgan's own city. In October they sent in 200 cases. It does not keep them out, and therefore it does not decrease the revenue.

Mr. BOUTELL. Is there at the present time any combination or association of wine producers for the purpose of regulating the price?

Mr. VANCE. Not at all. Competition regulates the American wine trade entirely. Competition has brought the price down to the lowest figure in years.

Mr. BOUTELL. At the present time there is no factor that regulates prices except competition.

Mr. VANCE. That is all. There is very sharp competition. In so far as the wine people agree, and I think they do agree, it is to the effect that they want the tariff let alone; but if anything be done they would like to have it slightly increased.

Mr. BOUTELL. Do you think that the suggestions which you wish to have inserted into a new tariff bill would in any way encourage combination among the domestic producers so as to increase the price?

Mr. VANCE. No; I think not, because the industry is widespread. In order to have a combination successful it must monopolize the source of supply. The sources of supply in this country are the vineyards of the country. The vineyards of New York comprise perhaps 3,000 or 4,000 acres. Michigan has perhaps 10,000 acres, and in Missouri and other sections there are perhaps 5,000 to 7,000 acres, and in California there are probably 230,000 or 240,000 acres, so that you see a combination would be impossible.

Mr. HILL. There is a combination among the New York producers as to their own product?

Mr. VANCE. I do not think there could be, because in that case the man from Ohio would send his product over the line by reason of the fact that we have free trade between our own States.

Mr. HILL. What I mean is that the individual producers of New York do not sell at individual prices. They sell at a fixed association price.

Mr. VANCE. Not at all. There are only one or two large firms which have a sort of a general business understanding as a matter of trade comity. They do not have anything to do with anybody else. I live in New York and I know that New York producers sell at all kinds of prices. Some go to the retailer and sell wines at perhaps 50 per cent higher than they would sell to the jobber. Those who sell to the consumer sell at a large price, a price which would probably be 50 per cent higher than the ordinary trade prices. It would be impossible to have any sort of an understanding or combination for raising prices that would be a success.

Mr. CLARK. Doctor Wiley claims that the branding of wines would make them artificial.

Mr. VANCE. Doctor Wiley is one of the class that do not produce grapes that ripen.

Mr. CLARK. His proposition is that branding in California would make it pure, and branding any place else would make it artificial.

Mr. VANCE. You refer to the Fassett bill.

STATEMENT OF MR. WALTER E. HILDRETH, OF HAMMONDSPORT, N. Y.

Mr. HILDRETH. Mr. Chairman and gentlemen of the committee, one gentleman of the committee asked whether the East and West were united upon the question at the present time. I come from New York State, from the champagne district in the neighborhood of Hammondsport, N. Y. We are solely wine producers, and I wish to state that the conditions in California interest us. We are all working together for the general good of the whole country.

Mr. CLARK. Do you mean that you are working together upon this particular proposition?

Mr. HILDRETH. No, sir; but for the general good. The California grapes and the grapes of the East differ in their constituents, and therefore must be treated differently.

So far as the still-wine question is concerned, I do not think that I wish to say anything further. I think that Mr. Morgan brought out matters fully and distinctly on that branch of the question. Our business is the business of champagne making. It is a new industry, not over 40 years old, and we have grown up until at the present time we are to a certain extent competitors with the French champagne, although we are selling our product at $12 to $14 a case, which is the retailing price and includes the cost of selling, manufacture, and everything. Added to that is the old duty of $8 per case. The present duty is $6 per case, making $18 to $20 a case for the champagne laid down.

Our wine costs more to manufacture than do the French wines, when you consider the cost of the grapes, which is from $32 a ton to $80 a ton for the best grade. The Catawba grapes cost $40 per ton, and the Concord, which is the cheapest grade, costs us $32 per ton. We blend them. You must consider that champagne is made by fermentation in the bottle. Each bottle is handled about 250 times. The question of labor is a considerable one in the manufacture of champagne. It is a great deal more than it is in the case of distilled wines. The cost of this labor is from $1, the cheapest, up to $2.50 per day. In France the labor is only from 43 to 85 cents per day. You must consider that we have to handle these bottles from 250 to 350 times each, depending on the wine. Some wines will clear quicker. You can therefore see how much more our wines cost than do the French wines.

As a matter of fact, the French people have advantage of about $10 a case over us in exporting their wines in this country, everything considered. If we paid a duty on our wines, they would net about $20 a case. In this country the French people get for their wines from $28 to $32 per case. Their wine is cheaper to manufacture than ours. That difference in price they use in exploiting their wines. Everybody knows that the champagne industry is the hardest thing in the world to build up. It is entirely a matter of taste and prejudice. France has been producing wine for two hundred and fifty years, while our industry is a little over forty years old. We have had to overcome a large amount of prejudice. Sometimes we could not get a person even to taste our wine.

Mr. CLARK. Those are usually the fellows who think they are good judges of wine. The average citizen does not know one wine from another after he has had one or two drinks.

Mr. HILDRETH. No, sir.

The CHAIRMAN. They judge it by the label?

Mr. HILDRETH. Yes; they drink according to the label at $3 a bottle. When a man takes a friend out and orders champagne at a meal he thinks he must have the French, and if he does not he is afraid he will be considered a cheap man; so therefore he wants the French at $3 to $5 a bottle.

Mr. McCALL. What character of grapes go into champagne?

Mr. HILDRETH. We use nearly all the varieties, or about eight of them.

Mr. McCALL. How do you regard them as to color?

Mr. HILDRETH. Some of the black grapes are the best champagne grapes.

Mr. McCALL. Tell us something about the processes of making champagne.

Mr. HILDRETH. The grapes are all crushed separately in October. In January we make what we call cueva. The juice is pressed and after fermentation it becomes wine. The minute that the juice comes in contact with the fermentation germ it ferments and becomes wine. Fermentation immediately sets up. In January some of the wine is in a fairly good condition, but there is a certain amount of sugar left in it. We blend old and new wine according to its strength. It must not be made too strong. If it is made too strong it would blow the cork out of the bottle. If it is too old you would not get enough fermentation.

Mr. McCALL. How much of the old wine usually is used?

Mr. HILDRETH. It varies according to the vintage, from 40 to 60 per cent. If the vintage is good, we use a larger percentage of the new wine. If the new vintage is largely acid, we use a larger percentage of the old, which has less acid. We do this in order to reduce the acid in the wine that we finally produce. The cueva produced in January is stored in casks until spring, when the natural fermentation takes place. In the springtime, when the sap begins to run in the vine, there is a second fermentation, and before that second fermentation takes place the wine is corked. After fermentation starts it is put into the wine cellar, which is kept at a uniform temperature. The old wine would remain there from two to two and one-half years. Sugar left in the wine produces carbonic acid. The sediment flows off onto the side of the bottle. When we get the old vintage we put them on tables or racks with holes in them and we lay the bottle nearly flat. The sediment lies on the side of the bottle, and that is where the handling comes in. Every one of those bottles on the rack must be handled. They must be shaken until all the sediment is on the cork. All sediment which remains must be removed. Under the old method we did that with a knife, but now it is done by machinery. After the sediment is removed, it is carefully taken to the finishing room and there the cork is carefully extracted with a small amount of wine. After that there is sirup added. This finishing sirup is composed of old brandy, sugar, and rock candy. Every trace of sugar is fermented out of the wine. We then add enough sugar in the shape of rock candy to make it pala-

table. Champagne is only 10 per cent alcohol. Alcohol to the extent of one-half to 4 per cent is added. That is in the finishing sirup. In taking out the sediment, if there is the slightest trace of it left, as much as would go on the point of a pin, it would spoil the wine. If that is left the wine is of no commercial value.

Mr. McCall. When does this wine come on the market? How long after it has left the press?

Mr. Hildreth. It never leaves the cellar within one-half or two and three years.

Mr. McCall. When do you put in this sirup?

Mr. Hildreth. Just before it is finished.

Mr. McCall. Then it goes on the market?

Mr. Hildreth. We usually expect to have the wine finished three or four months before it goes on the market, because the cork must be fitted to its place. If you send it out immediately after it is corked the wine is not good, but practically the wine is just as good within forty-eight hours after it is finished as it is in two years, but the cork has been pressed so firmly that the pressure must be kept on it so that it will not become dislocated.

Mr. McCall. You do not put anything into the wine to make it effervesce?

Mr. Hildreth. No; not a thing.

Mr. McCall. If the wine was used then would it have less alcoholic strength?

Mr. Hildreth. There would not be any sweetness left. It is not palatable, because the carbonic acid makes it sour without any sugar added to it.

Mr. Pou. How do you get the sediment out?

Mr. Hildreth. It is blown out by the gas when the cork is taken out. Formerly this was done by labor, but we do it now as they do it in France. When a cork is taken out the man puts his thumb over the top of the bottle and passes it into the machine. In the machine the neck of the bottle is put down and it is frozen. The sediment is frozen to the top of the cork, and in that way we use this expert labor. Any man can extract that cork when it is frozen. When the cork is taken out the sediment is taken out with it. That was adopted by us five or six years ago.

Mr. Pou. What do you pay that class of labor?

Mr. Hildreth. About $2.50 a day.

(Thereupon the committee at 1 o'clock took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

Committee on Ways and Means,
Thursday, November 12, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman), presiding.

STATEMENT OF MR. C. H. KING, OF NEW YORK CITY.

The Chairman. Please state your residence and your business.

Mr. King. My residence is New York, and my business is the importation of Dublin stout and Belfast ginger ale—Irish ginger ale.

The CHAIRMAN. You may proceed.

Mr. KING. I submitted a brief, Mr. Chairman, and what I want to call your particular attention to is the apparent inequality in the duty in the present tariff in the liquor schedules. This stout is a low-priced tonic beverage which is used, as is stated in my brief, by people of small and very moderate means, and according to the present schedules the percentage of duty on it is higher than it is on champagne and on still wines, which are both distinctly luxuries.

Mr. DALZELL. What is the rate of duty?

Mr. KING. It is a specific rate of 40 cents a gallon, and according to the value as reported by Commerce and Navigation of the United States it is equivalent to 42¼ per cent on the importations from the United Kingdom, whereas the duty on champagne is equivalent to about 40 per cent, and the duty on still wines in bottles is equivalent to about 30 per cent. So, we think, in view of the class of people that this article is sold to or consumed by, that the present rate of duty in comparison with the duties on other beverages is excessive.

The CHAIRMAN. You think the duty on champagne ought to be increased?

Mr. KING. I am not interested in champagnes, sir.

Mr. BOUTELL. Do you think the reduction which you ask on these articles would make any difference in the cost of them to the consumer?

Mr. KING. Stout is an article that is consumed largely in the homes, and it surely would. It would not make any difference if it was consumed so much in the cafés, or where it is sold by the single bottle, but where it is sold as it is and taken to the homes it would make a difference.

The CHAIRMAN. Do you not think that the duty of 30 per cent is low enough on still wines?

Mr. KING. I am not interested in still wines. The other article in which I am interested is ginger ale. That is a nonalcoholic beverage, and the duty in the present tariff is higher than it was in the previous tariffs, and the rate, while specific, is equivalent to 24¼ per cent, nearly as high as that on still wines. Any rate of duty would make no difference in regard to the American competition, because the article is so expensive that it costs more on the other side than the American article is sold for here. I have embodied all that in the brief that I submitted. If there are any questions that the committee would like to ask me, I would be very glad to answer them.

Mr. BOUTELL. Is there more than one maker of this ginger ale?

Mr. KING. There are several manufacturers. We are the largest importers. We import about 85 per cent of the ginger ale that is imported into this country.

Mr. UNDERWOOD. The cost of the foreign article abroad is more than that of the domestic article here?

Mr. KING. Yes; due to the fact that it has to be packed in barrels; and the bottle is not returnable, as is the case in most of the domestic ginger ale.

Mr. UNDERWOOD. Then if it was sold free of duty it could not be sold cheaper than the domestic article?

Mr. KING. No, sir; it could not. Another point I would like to call your attention to is the fact that the barrels that we ship our

goods in are largely made of American lumber, and yet we pay the duty. The percentage which I have figured is based on the cost of the whole thing, the barrel included.

Mr. DALZELL. What would be the amount of this ale?

Mr. KING. In volume?

Mr. DALZELL. Yes.

Mr. KING. We import about a million gallons.

Mr. HILL. Of ginger ale how much?

Mr. KING. Forty thousand barrels, 10 dozen each.

Mr. HILL. It is purely a question, then, of revenue, and increase in the foreign trade and reduction of the price?

Mr. KING. Yes.

Mr. HILL. And any loss of revenue by a decrease in the tariff would be probably made up by the increase in the quantity imported?

Mr. KING. Yes, sir.

Mr. HILL. There is no question of American competition entering into it?

Mr. KING. None whatever, in either article.

Mr. BOUTELL. You think a reduction in the duty would increase the revenue somewhat?

Mr. KING. Our business is increasing under the present conditions, so that I think it would be safe to say that it would. The business is increasing in both articles. Will that be all, gentlemen?

The CHAIRMAN. That is all.

Following is the brief presented by Mr. King, heretofore mentioned:

PRESENTED BY EDWARD & JOHN BURKE (LIMITED), 1402 TIMES BUILDING, NEW YORK CITY.

NEW YORK, *November 12, 1908.*

APPLICATION FOR CONSIDERATION OF REDUCTION IN TARIFF ON STOUT AND GINGER ALE IMPORTED BY THEM FROM THE UNITED KINGDOM.

Stout.

Evidence herewith shows this to be an article largely used for tonic purposes by those in moderate circumstances. See physicians' statements appended.

According to 1907 edition of Commerce and Navigation of the United States, the percentage of duty on stout is larger than that on champagnes and bottled still wines, distinctly luxuries. Comparisons herewith:

	Gallons.	Value.	Duty is per cent of value.
Bottled malt liquors from United Kingdom	1,897,248	$1,798,632	42¼
Champagnes (dozen)	375,272	5,532,695	40½
Still wines in bottles	636,938	2,614,346	30⅜

Internal-revenue tax on malt liquors is 3⅛ cents per gallon.

Stout, per dozen half bottles, costs us 4 shillings and 2 pence, f. o. b. Liverpool.

Stout owes much of its character and nutritive value to long keeping before and after bottling. Owing to fermentation continuing after bottling, breakage and leakage are more serious than with bottled still wines; and stout being an article of so much less value, these losses are a much heavier tax.

Much of the barrel lumber used is American.

Physicians in New York, Brooklyn, Boston, and Chicago state that their maternity patients, mothers while nursing, people in none too healthful occupations, anæmics, young girls, particularly shop girls, are those for whom they prescribe Guinness stout, and of those requiring Guinness stout, as above, the vast majority are in poor financial circumstances.

Only a very few physicians are opposed to the use of a tonic containing alcohol. Stout contains very little.

The following are a few of those referred to above and some of their comments. We have hundreds of other equally strong recommendations.

Dr. Merwyn R. Bibb, 2900 State street, Chicago, Ill.: I feel positive that Guinness foreign stout could find no better and more needed field than in maternity cases.

Dr. William A. Ham, 1799 Dorchester avenue, Dorchester, Mass. Strongly recommends it.

Dr. Jas. H. Grimes, Boston, Mass. Recommends it.

Dr. Edward S. Peck, 53 West Fiftieth street, New York City: I do not hesitate to state to you that Guinness stout is a very excellent prop and tonic, and has been prescribed by me hundreds of times.

Dr. G. H. Wynkoop, 128 Madison avenue, New York City. Recommends it.

Dr. A. L. Robinson, 59 West Forty-fourth street, New York City. Recommends it.

Dr. W. E. Cuff, 115 East Eighty-seventh street, New York City. Recommends it.

Dr. H. F. Koester, 1159 Park avenue, New York City. Recommends it.

Dr. H. H. Schimpf, 443 West Thirty-fourth street, New York City: I prescribe it frequently.

Dr. A. C. Dupont, 310 West Twenty-third street, New York City. Recommends it.

Dr. A. H. Roff, 327 Central Park west, New York City: All my nursing women drink it if they can afford to do so.

Dr. J. A. Shields, Brooklyn, N. Y. Recommends it.

Dr. H. E. Lewis, Brooklyn, N. Y.: I use Guinness stout for all my patients in convalescence and as a general tonic.

Dr. J. F. Power, 230 West Thirty-fourth street, New York City. Recommends it.

Dr. A. Costello, Brooklyn, N. Y.: I prescribe it constantly for maternity patients, also in typhoid fever convalescence.

Dr. C. C. Cramer, 139 West Twenty-eighth street, New York City. Strongly recommends it.

Dr. W. G. Eckstein, 68 West Ninety-seventh street, New York City. Recommends it.

Dr. E. M. Dusseldorf, Brooklyn, N. Y. Recommends it.

Dr J. W. Gibbs, Hotel Navarre, Seventh avenue and Thirty-eighth street, New York City. Recommends it.

Dr. G. Chaffe, Brooklyn, N. Y. Recommends it.

Dr. P F. O'Hanlon, 121 West Ninety-fifth street, New York City. Recommends it.

Dr. C. Connard, 192 West Eighty-ninth street, New York City. Recommends it.

Dr. N. G. Le Grand, Brooklyn, N. Y. Recommends it.

Dr. R. S. York, Boston, Mass. Recommends it.

Dr. T. H. Northridge, Brooklyn, N. Y.: It is also prescribed by me to increase body weight in those below the average. Perhaps those who perform arduous household duties require it most often.

Dr. S. A. Moulton, Boston, Mass. Recommends it.

Dr. A. Kidder Page, Boston, Mass. Recommends it.

Dr. Rupert W. Parker, 1641 Washington street, Boston, Mass. Recommends it.

Dr. J. J. Pendergast, Brooklyn, N. Y. Recommends it.

Dr. J. A. Winter, Brooklyn, N. Y. Recommends it.

Dr. C. S. May, 205 West Fifty-ninth street, New York City. Recommends it.

Dr. C. J. Laffin, 1545 Madison avenue, New York City. Recommends it.

Dr. E. J. Lorenze, 1658 Lexington avenue, New York City: Recommends it.

Dr. J. Lordly, 145 West Eighty-seventh street, New York City: Mothers that are poorly nourished require a stimulant like Guinness stout.

Dr. George D. Barney, 401 Third street, Brooklyn, N. Y.: For the benefit of the public I recommend Guinness stout in cases of malnutrition.

Dr. Howard O. Comegys, 170 East Ninety-sixth street, New York City: Stout fills the bill and requirements.

Dr. J. Mount Bleyer, 836 Lexington avenue, New York City: For the last twenty years I have prescribed this great reconstruction to all consumptives, who make up the bulk of my practice. There is no better remedy for reconstruction than Guinness stout.

Dr. L. H. Lutz, Brooklyn, N. Y.: I prescribe stout for patients who need building up flesh. I order it often.

Dr. F. J. Bowles, 121 West Ninety-third street, New York city: Among malt preparations I certainly regard Guinness stout with the greatest favor.

Dr. C. S. Begg, 58 Irving place, New York City: Those in poor circumstances are rarely able to afford Guinness stout.

Dr. B. M. Richardson, Brooklyn, N. Y.: I have used Guinness stout for many years with excellent results.

Dr. R. S. Moore, 2 West Ninety-fifth street, New York City: It is both food and drink.

Dr. Julia H. Smith, 491 Dearborn street, Chicago, Ill.: Stout seems more like nourishment.

Dr. J. R. Phelps, Dorchester, Mass.: I prescribe it without limit, when patients can afford it, for any case. It is a splendid producer of rich and nourishing milk.

Dr. Albert Evans, 756 Tremont street, Boston, Mass.: Guinness stout has proved an efficient stimulant to many of my patients.

Doctor Gordon, 532 Tremont street, Boston, Mass.: The writer has prescribed a great deal of Guinness stout for patients where a stimulant and reconstructive has been indicated.

Rr. R. Weir, 168 West Seventy-eighth street, New York City. Recommends it.

Dr. F. W. Page, Boston, Mass. Recommends it.

Dr. C. E. Buck, West Brookline, Mass. Recommends it.

Dr. B. S. Blanchard, Brookline, Mass. Recommends it.

Dr. Winifred L. Howe, Everett, Mass.: I prescribe Guinness stout to every patient that needs a tonic, old or young. It has no superior in convalescence.

Dr. J. P. Bennett, Chicago, Ill. Strongly recommends it.

Dr. W. F. Gay, 365 Massachusetts avenue, Boston, Mass. Recommends it.

Dr. J. H. Van Kleeck, Brooklyn, N. Y. Recommends it.

Dr. N. G. McMaster, 665 Lexington avenue, New York City. Recommends it.

Dr. A. Zek, 243 West Fifty-second street, New York City. Recommends it.

Dr. Ivan Amesbury, Dorchester, Mass.: Those who require it most are generally those least able to get it. It increases appetite and is a more natural way of helping nutrition than by giving drugs.

Dr. W. H. Krause, 952 Park avenue, New York City: I prescribe Guinness stout to give the patient an appetite, also as a stimulant for overworked people and convalescents.

Dr. E. P. Colby, Boston, Mass.: When I advise stout I never think of anything but Guinness, which is (to me) the type.

Dr. J. Morison, 358 West Thirtieth street, New York City: Good plain food and Guinness to back it up, an excellent ally.

Dr. N. B. Vander Poel, 106 East Twenty-fourth street, New York City. Recommends Guinness stout.

Dr. G. E. Stackpole, 282 Ferny street, Malden, Mass.: When I need a tonic for myself I always get Guinness stout and nothing else but good food, so I am very glad there is a tonic Guinness stout.

Dr. F. W. O'Brien, 257 West One hundred and fourth street, New York City: Particularly young girls, saleslадies, and seamstresses, who just manage to eke out a bare subsistence.

Dr. W. T. Helmuth, jr., 26 East Sixty-second street, New York City. Recommends Guinness stout.

Dr. H. Siff, 160 Madison avenue, New York City: Too much of a luxury for poor, the price being too high.

Dr. E. Gilbert Percival, Hotel Navarre, 455 Columbus avenue, Boston, Mass.: It is more of a food than a stimulant to my mind.

Dr. J. A. S. Howell, Chicago, Ill.: I would prescribe it oftener if it were cheaper. Hope you succeed in getting the tariff reduced.

Dr. J. J. Ashley, Brooklyn, N. Y.: Many would use stout in place of beer if they could afford it.

Dr. C. W. Brunner, Brooklyn, N. Y.: It is my humble opinion, born of personal experience as a physician, that Guinness stout is far superior to any

so-called malt extract on the market, whether domestic or imported, in digestive and blood-making properties.

Dr. H. E. Street, Brooklyn, N. Y.: I would oftener prescribe it if it was not so expensive. I usually substitute a dark beer, which is not so good as your stout, but is within the means of the poor patient.

Dr. M. T. Goldstine, Chicago, Ill.: Saw the goodness of stout in maternity patients while assistant on the staff of Rotunda Hospital, Dublin, and used it a great deal.

Dr. R. H. Von Kotsch, 935 West Sixty-third street, Chicago, Ill.: After taking Guinness stout for a week their appetite soon begins to increase, and they pick up in flesh.

German Hospital, Brooklyn, N. Y.: It has been prescribed and dispensed with good results.

Dr. G. J. Schaller, 518 Fullerton avenue, Chicago, Ill.: To all my pulmonary and chronic dyspeptics I recommend one part of stout to two to three parts of Blatz's beer after each or with meals.

Dr. W. B. Guy, Boston, Mass.: Very poor patients substitute cheap ales, like stock ale, instead.

Dr. C. J. Hettesheimer, Brooklyn, N. Y.: The worth of Guinness stout as a nutrient builder for nursing mothers and convalescents in general is inestimable. I shall keep on prescribing it, as usual, with confidence.

Dr. T. H. Hull, Brooklyn, N. Y.: Poor could not afford it.

Dr. George L. Michel, 234 Marcy avenue, Brooklyn, N. Y.: In cases of poor nourishment it is the best tonic I know of. I get best results from it in cases of patholoquist conditions of the pelvic organs, due to defective nutrition of these parts, as in poorly nourished girls, shop girls being especially subject to those conditions, and here nothing takes the place of Guinness stout.

Dr. L. Newman, 52 Union Park, Boston, Mass.: I prescribe Guinness stout very frequently and use it in my own family as a Galaila-gog with success.

T. G. Lusk, 121 East Fortieth street, New York City: It would be a great thing if you could get this article admitted free, as it is seldom used as a beverage and it could then be supplied at a price within reach of all.

Dr. A. J. Dower, Brooklyn, N. Y.: I find your stout aids digestion, which is far superior than the majority of wines found in the market.

Ginger ale.

Nonalcoholic—present duty higher than rated by previous tariffs.

Commerce and Navigation of the United States for 1907 show present rate equivalent to 24½ per cent, nearly as high as bottled still wines.

At any rate of duty imported ginger ale is so costly that it does not compete with the domestic article.

STATEMENT OF MR. JOHN J. ROONEY.

Mr. Rooney. I represent substantially the same interests that Mr. King represents and I have the same general line of argument. His firm, as I understand, represent the Burton stout in Dublin. I represent the Dogshead Bass ale, and the Bass bottling of stout. The present rate, as he has explained, is 40 cents a gallon in bottles on the bottled article that comes here. All the Dogshead ale comes here in bottles. There is some Bass ale that comes in casks. The ad valorem duty, as he pointed out, is 43 per cent. In the case of the Dogshead ale—which I think some of you gentlemen are probably familiar with, as it is very generally used throughout the country—the price is very high. The retail price at that rate runs from 25 to 35 cents a bottle at any restaurant. That is too high. The Dogshead ale people have a large trade, due to the fact that it is Bass ale and to their able business management and the prestige of the name; but at the same time if we could get a duty of 25 cents a gallon we could double the business here. Now, it would be a noncontentious matter; that is, as pointed out by the previous speaker and as suggested by a member

of the committee, it does not interfere in the slightest with the American industry. You will never hear that question raised. But it will reduce the cost to the consumer.

Mr. HILL. Do you control the importation into this country?

Mr. ROONEY. Yes, sir; of that particular bottling known as the Dogshead ale. The Bass ale comes here in bulk, not controlled by this firm I am representing, H. P. Finlay & Co., of New York; but with the reduction of the duty to 25 cents a gallon, the bottled article, Dogshead ale, Bass ale, would sell for 15 or 20 cents instead of 25 to 35 cents. I am speaking of the retail price. In the past the duty has been down as low as 30 cents a gallon. That was under the tariff of 1894, and in the tariff of 1883, preceding the McKinley bill, so called, the duty was 35 cents a gallon. Then it was put up to 40 cents a gallon, and it is really at a very onerous figure there.

Mr. HILL. Were you in the business when the duty was changed before?

Mr. ROONEY. I was not, personally.

Mr. HILL. Do you know whether the price to the consumer was increased in accordance with the change or not?

Mr. ROONEY. I could not say absolutely; I could not answer that absolutely. It is beyond my own experience, my personal knowledge; but I am satisfied of this, that with a reduction to 25 cents a gallon on bottled ale there would be a reduction in the price, a material reduction; and you can readily see that when you ask 25 cents or 35 cents for a bottle of ale you are asking a great deal, and you actually reduce considerably the consumption of that article.

Mr. MCCALL. Dogshead ale is the same kind of ale as White Label, and is put in the same kind of bottles?

Mr. ROONEY. It is the same kind of ale except that the Dogshead ale is bottled in London by Read Brothers, and the White Label is bottled by another concern.

Mr. MCCALL. They are both bottled in London?

Mr. ROONEY. No; I think the White Label is bottled here.

Mr. DALZELL. Then there is a Red Label, is there not?

Mr. ROONEY. I think there is a Red Label also. There is no monopoly in the Bass ales at all, but they all sell at about the same to the consumer.

Mr. DALZELL. This duty you are talking about is applicable to all the Bass ales?

Mr. ROONEY. Oh, yes. On the Dogshead ale last year the firm which I represent paid in duties $275,000. That was just last year; and I can fairly say that if you will give us a duty of about 25 cents a gallon on the ale in bottles it will go up to $500,000, and without the slightest disturbance to anybody here, to any legitimate interests of any kind: and I would respectfully request that you give that consideration. An ale, I think, is something which, as the previous speaker said, comes into general use and ought to be encouraged somewhat. It is not injuring anybody here in the way of competition with domestic products, and it will greatly increase the revenue, if you will give us this slight relief, because you can see that at that figure, 25 cents or 35 cents, or even 30 cents a bottle, it will make some difference. Take any one of yourselves. If you can get a bottle of ale for 25 cents, or 20 cents, you are more likely to buy it.

Mr. HILL. I will ask you to file a statement as to the price at which your firm sold this article in 1890, in 1895, and in 1900.

Mr. ROONEY. I will do that.

The CHAIRMAN. Is there any other gentleman who desires to be heard on this schedule? If not, the committee will take a recess until 9.30 o'clock to-morrow morning.

(At 2.30 o'clock p. m. the committee adjourned until to-morrow, Friday, November 13, 1908, at 9.30 o'clock a. m.)

Following is the brief submitted by Mr. Rooney heretofore referred to:

To the COMMITTEE ON WAYS AND MEANS,
House of Representatives.

GENTLEMEN: Your petitioner is the agent for the brand of bottled Bass ale, known commonly as "Dogshead ale," having sole right to sales in the United States.

The present rate of duty on said ales in bottles, under the tariff of 1897, is 40 cents per gallon, under paragraph 297 of the existing so-called Dingley bill. The rate of duty on Bass ale in casks under the existing tariff is 20 cents a gallon.

Previous tariff rates were as follows: Tariff for 1883—bottles, 35 cents per gallon; casks, 20 cents per gallon; tariff for 1890—bottles, 40 cents per gallon; casks, 20 cents per gallon; tariff for 1894—bottles, 30 cents per gallon; casks, 15 cents per gallon.

Your petitioner respectfully requests that a rate be now fixed at 25 cents per gallon for bottles and 15 cents per gallon for casks, for the following reasons:

(1) The business does not compete materially with any domestic industry, the amount of Dogshead Bass ale and other forms of Bass ale being very small in proportion to domestic beers and ale.

(2) The present rate of 40 cents per gallon for bottled figures an ad valorem equivalent of about 45 per cent. This rate compels a very high price per bottle to the consumer, ranging from 25 cents to 35 cents per bottle.

(3) Said rate of duty naturally reduces the sale of the article. During the past year our firm paid duties of about $275,000. With the reduction asked for we could probably double this revenue to the Government. The ale could then be sold to the consumer for 15 or 20 cents per bottle. Thus the Government could be greatly benefited as well as the consumer, without any injury whatever to any domestic interest.

(4) The rate of 25 cents a gallon for bottles would figure about 28 per cent ad valorem. It is respectfully submitted that 28 per cent is a sufficiently high rate of duty for this article, especially when it is considered that ocean freights, insurance, commissions, etc., will figure from 8 per cent to 10 per cent more on the import cost.

Respectfully submitted.

H. P. FINLAY & Co. (Limited).
JOHN J. ROONEY, *Attorney.*
No. 35 South William Street, New York City.

NEW YORK, *November 12, 1908.*

APPENDIX.

BRIEF SUBMITTED BY THE MANUFACTURING PERFUMERS' ASSOCIATION.

NEW YORK, *November 10, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee Ways and Means, Washington, D. C.

DEAR SIR: The attitude of the manufacturing perfumers of the United States, as voiced by the executive board of the Manufacturing Perfumers' Association held in New York City Nov. 9, is as follows:

Tariff on importations of manufactured perfumery. Paragraph 3, alcoholic perfumery; present duty, 60 cents per pound and 45 per cent ad valorum. Paragraph 70, preparations for hair, mouth, skin, and teeth; present duty 50 per cent.

The workings of these schedules the past ten years have proven in general so wise, just, and near to perfection that we earnestly urge their continuance.

Any reduction of these rates must result in greater or less disaster not only to our own industry, but others intimately dependent thereon, such as the manufacturers of bottles, boxes, lithographing, ribbons, embossing, alcohol, etc.

The proof of increased importations is shown in the accompanying printed official table of imports showing a steady annual increase in volume, the increase for 1907 being 16.3 per cent over 1906.

The imports in 1898, when present law came in force, were $413,219, as compared with $1,231,823 in 1907, an increase of $818,604, approximately 200 per cent.

As may be seen by the following table, the importation of foreign perfumery continues to grow, notwithstanding a duty which at first glance it would seem should act as a deterring factor. It will be seen by this table that the importations have amounted to $172,627 more in 1907 than in 1906, or 16.3 per cent.

Imports of perfumery and toilet preparations for 1884 and from 1890 to 1907, with percentage of duty on same.

	Alcoholic perfumery, paragraph 3.			Preparations for hair, mouth, skin, and teeth, paragraph 70.		
Year.	Value of imports.	Duty.	Equivalent ad valorem duty.	Value of imports.	Duty.	Total of paragraphs 3 and 70.
1884	$273,897	$2 per gallon and 50 per cent	61.32	$163,173	50 per cent	$437,070
1890	257,464	do	62.25	118,139	do	375,603
1891	258,831	do	62.74	159,125	do	417,956
1892	267,331	do	62.25	176,324	do	443,655
1893	296,706	do	61.77	209,777	do	506,482
1894	233,281	do	61.56	170,709	do	403,990
1895	300,569	do	63.27	30,245	do	587,350
				258,536	40 per cent.	
1896	337,065	do	62.48	263,881	do	600,946
1897	374,497	do	64.81	320,100	do	694,597
1898	16,565	do	67.83	10,373	do	
	262,271	60 cents per pound and 45 per cent.	67.72	124,010	50 per cent.	413,219
1899	332,626	do	67.72	167,100	do	499,726
1900	339,967	do	68.74	175,606	do	515,573
1901	382,679	do	68.12	207,885	do	590,564
1902	442,168	do	67.46	266,700	do	708,868
1903	510,642	do	66.87	313,398	do	824,040
1904	508,536	do	65.41	336,085	do	844,621
1905	534,946	do	65.82	394,310	do	929,256
1906	585,968	do	66.39	473,228	do	1,050,196
1907	655,754	do	77.88	576,069	do	1,231,823

The imports for the fiscal year ending June 30, 1907, equal $1,231,823; the imports for the fiscal year ending June 30, 1906, equal $1,059,196, showing an increase for 1907 of $172,627, or 16.3 per cent.

Essential oils.—Analysis of existing rates of duties on imported oils and materials used in our industry reveal certain inconsistencies, but in the main are free of duty, and we prefer the maintenance of existing rates rather than face uncertainties of values, the demoralization of trade, and a long period of readjustment; or, in other words, leave well enough alone.

Phraseology of present tariff.—New scientific discoveries in the past ten years in odoriferous products demand more explicit classification.

Respectfully submitted.

[SEAL.]

THEO. RICKSECKER, *President.*
JAMES E. DAVIS,
Legislation Committee.

KREBS PIGMENT AND CHEMICAL COMPANY,
Newport, Del., November 11, 1908.

Hon. SERENO E. PAYNE,
Chairman Committee of Tariff Revision,
Capitol, District of Columbia.

DEAR SIR: While considering the paint and chemical schedule, we beg to call your attention to the fact that barytes ore in the present tariff pays a duty of 75 cents a ton. It is in an absolute crude condition as we get it, and while we do not advocate radical changes in the tariff, we believe that all raw material used in the manufacture should come into the country free of duty.

Barytes, as this ore is called, is a very important raw material to us, as it, after different chemical treatments, forms one of the principal parts of the paint we manufacture, namely, lithopone.

Lithopone is a new paint that gradually but slowly is gaining a footing in this country. It is nonpoisonous and very effective, and as a baby industry we commend it to you for your protection.

Spelter is another material that we use in the manufacture of this article. Zinc ore, from which spelter is made, is now on the free list, but I am told that a determined effort will be made by the Missouri interests to secure some protection for zinc ores. Against this I vigorously protest, as it would decidedly handicap us were we to pay advanced prices for our spelter. Zinc ore being a raw material should be without protection, as it is in the present schedule, and we beg of you to see that it remains where it is.

Respectfully, yours,

KREBS PIGMENT AND CHEMICAL CO.,
H. J. KREBS, *President.*

HELBURN CHEMICAL COMPANY,
New York, November 11, 1908.

To the CHAIRMAN WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: We understand that you are now making an examination of the tariff relating to imported products, and that the chemical list is receiving your attention at the present moment.

We are importers of chemicals and also manufacturers of domestic products.

We beg to call your attention to an article made both in Europe and in this country, and refer to latic acid. We have been endeavoring to import this article on various occasions, but owing to the domestic duty on same, which is 3 cents per pound, we find that this tax prohibits us from continuing to import this article and make a margin of profit unless the tariff is either taken off or reduced on lactic acid.

In order to demonstrate our claims, we inclose herewith invoice marked "Exhibit No. 1," with attached calculation showing the price at which lactic acid is sold by the domestic manufacturer, which is $2.72 per 100 pounds.

We further inclose a foreign invoice marked "Exhibit No. 2," with attached calculation showing you that it costs us to import for 100 pounds lactic acid 22 per cent—$2.86 per 100 pounds.

As stated above, we surely believe that your honorable body will coincide with us that if lactic acid is not entitled to a free tariff it is worth while a consideration whether the article should not receive a reduction in the tariff, and if we may be permitted to offer our suggestion, we think that 2 cents per pound on lactic acid is sufficient to protect the domestic manufacturer of lactic acid from foreign competition on this article.

Any further information at your service. Please return inclosed invoices at your convenience, and trusting our claims will receive consideration, we remain,

Very truly, yours,
HELBURN CHEMICAL CO.,
Per VICTOR H. BERMAN, *Secretary.*

[Exhibit No. 1.]

LACTIC PROCESS COMPANY,
100 William street, New York, December 4, 1907.

Sold to Helburn Chemical Company, 356 Pearl street, New York, N. Y.:

20 casks 22 per cent lactic acid, light, 11,482 pounds, at 3 cents delivered	$344.46	
Less 2½ per cent	8.61	
		$335.85
1 per cent discount		3.35
		332.50
Railroad freight charges		20.18
		312.32

Received payment December 17, 1907.

LACTIC PROCESS CO.,
By LEACH.

Please receipt and return.

Calculation showing cost of lactic acid, 22 per cent, as sold by the domestic manufacturer, as per exhibit No. 1:

Cost of 11,482 pounds lactic acid, 22 per cent	$312.32
Makes 100 pounds lactic acid, 22 per cent, cost	2.72

[Exhibit No. 2.]

KNAB & LINDENHAYN,
Grünroda bei Niederstriegis, den 16 September, 1908.

Rechnung für Helburn Chemical Co., New York.

Sandten für Ihre Rechnung und Gefahr per Frachtgut c.i.f. New York via Riesa per Elbe durch Herrn Joh. Heckemann zu Ihrer Verfügung an Herren John D. Gluck & Son, New York.

	Marks.
25 Fass Milchsaüre techn. 70 Gew. % frei von Eisen u. Mineralsaüren, Brutto kg 8248, Tara kg 997, Netto kg 7251, 57	4, 133. 07
2 per cent Sconto	82. 67
	4, 050. 40

(Original or certified consular invoice retained by United States customhouse.)

HELBURN CHEMICAL COMPANY,
New York, November 11, 1908.

Calculation showing cost of importing lactic acid, 70 per cent, as per Exhibit No. 2.

Gross (8,248 ko.), 18,182 pounds; tare (997 ko.), 2,197 pounds; net (7,251 ko.), 15,985 pounds.

7,251 ko. net, at 57 marks per ko	4, 133. 07 marks, or	$985. 47
15,985 pounds net, at 6.17 cents per pound, less 2 per cent discount	82. 67 marks, or	19. 71
	4, 050. 40 marks, or	965. 76
American duty 3 cents per pound on 15,985 pounds		479. 55
Custom-house entry		3. 00
Cartage on 25 barrels from Hoboken to store		12. 50
		1, 460. 81

Fifteen thousand nine hundred and eighty-five pounds lactic acid, 70 per cent, cost $1,460.81, makes 100 pounds cost $9.14.

If 100 pounds lactic acid, 70 per cent, costs $9.14, 100 pounds of 22 per cent lactic acid is worth, or costs to import, $2.86 per 100 pounds.

CARTER & SCATTERGOOD,
TWENTY-FOURTH AND BAINBRIDGE STREETS,
Philadelphia, Pa., November 11, 1908.

HONORABLE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.:

YELLOW PRUSSIATE OF POTASH.

Supporting statements made yesterday by our Charles Evans concerning yellow prussiate of potash, Schedule A, paragraph 66, tariff law of 1897, we beg to ask your consideration to the following:

1. We urge retention of present duty of 4 cents per pound on yellow prussiate of potash because a reduction of 1 cent per pound would cripple, if not entirely stop, the operations of the American makers producing at present very low prices.

2. The gas residues obtained abroad from the coal of Great Britain, France, and Germany, being especially rich in cyanogen compounds, can profitably be worked for prussiate of soda or prussiate of potash in those countries, whereas in the United States it is not profitable at present prices to do so. The production of the United States is made almost exclusively from waste animal matters, such as scrap leather, of which our works use 8,000 tons annually at full capacity. Incidentally, the sale of this waste product is of assistance to the shoe factories and affords freight to the railroads who move the scrap leather to our factories, supplying coal to take the place of the waste leather. In a normal market the production of the United States factories together with the foreign production is only sufficient to supply the world's demand. When, however, a depression exists in consumption, even with the existing tariff, the German product is dumped into the United States market. We are not able with the existing tariff to export any goods from the United States. Should the schedule as affecting our article be reduced, thereby putting the United States makers out of business, the market then would be entirely in the hands of foreigners.

3. The makers of paint colors, both blues and greens, who use our production have been prosperous, and indeed in the past two years at least two new concerns have crossed the water to enjoy the advantages of manufacture under United States conditions. This indicates that the existing duty is reasonable.

4. We respectfully call attention to the fact that a discrepancy exists between the duty on yellow prussiate of soda and that on yellow prussiate of potash. The prussiate of soda is an article of greatly increasing importance since the framing of the existing tariff law, and this salt is to a great extent interchangeable in its use with prussiate of potash. As the value of prussiate of soda is to-day 65.8 per cent the value of prussiate of potash, we suggest that a specific duty be laid upon it of 2.6 cents per pound, or 65.8 per cent of the duty as existing on prussiate of potash. At present it comes in 25 per cent ad valorem.

5. In the factory of Carter & Scattergood 62 workmen find employment, being paid last year in wages $50,560. We consume annually 1,248,000 pounds of steel and iron castings, 6,000 tons of coal, and 324,000 gallons fuel oil. We produce 2,400,000 pounds yellow prussiate of potash, valued at $324,000.

CARTER & SCATTERGOOD.

CALCIUM CYANAMID OR LIME NITROGEN.

100 BROADWAY, NEW YORK,
January 14, 1908.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: At the request of Hon. William Richardson we submit herewith a brief statement touching upon calcium cyanamid or lime nitrogen, a nitrogenous fertilizer, and as such should be admitted into the United States from foreign countries free of import duties. Mr. Richardson has introduced a bill to place this material upon the free list, the bill being known as House bill No. 7621, en-

titled "A bill for the purpose of exempting lime nitrogen, an agricultural fertilizer, from import duties," a copy of which is attached hereto.

Nitrogen is the most important element entering in the nourishment and development of plant life. It is absorbed from the air by electrical discharges in the atmosphere, by the slow evaporation of water, and in other ways. At the same time nitrogen plays by far the most active part in all fertilizers, whether of animal life or of mineral origin, in which nitrates prevail. The use of nitrogenous products in agriculture is ever increasing. This serves as a proof that the time is not far distant when the production of these will be entirely insufficient. The mines of nitrates in Peru and Chile will become exhausted as a matter of course, and all attempts made to discover new mines have thus far been failures. This failure has caused a very serious problem for an epoch which is by no sense far removed.

Nitrogenous compounds occur as the by-products of other industries, such as sulphate of ammonia from gas factories and blood and tankage from packing houses. The direct supply of nitrogen, as well as incidental supply, when taken together, are inadequate to supply agriculture with its requirements for this all-important element. The endeavor has therefore been made to discover an industrial process capable of supplying an unlimited quantity of nitrogenous products at reasonable expense. The mind immediately recurs to the nitrogen in the atmosphere, which is practically inexhaustible. It, however, has been most difficult to fix nitrogen in the shape of a useful compound available for plant life.

The study of the problem has been in the hands of noted German chemists for sixteen years, and only comparatively recently have their efforts been crowned with success. Adolph Frank and Nikodem Caro, of Germany, finally discovered that coke and lime when fused electrically at a very high temperature, after cooling and grinding and raised again to a temperature of about 1,000° C., had a great affinity for nitrogen, and the result of such a process developed the material known as "calcium cyanamid," or lime nitrogen, about 20 per cent of the weight of which is nitrogen.

The process being electro-chemical requires a great amount of cheap power as well as the raw materials—coke and limestone. An industry, therefore, to successfully make this material and place it in the hands of farmers at a low enough cost to make it profitable for them to use it must be favorably situated with respect to these features.

The American Cyanamid Company has been licensed to make this material for distribution to the agricultural interests of the United States, and it is privileged to make it without the borders of the United States. A careful and thorough investigation of the premises discloses the fact that the cheapest power occurred at Niagara Falls, on the Canadian side, and that lime, coke, and labor and other features favored such a location above all others. The company is therefore planning to erect extensive works at this location, involving an outlay of a large sum of money, which will increase from time to time as the industry develops.

For the purpose of supplying in a preliminary way the experiment stations and the fertilizer factories with this material the company

imported a small amount of lime nitrogen from Europe. It arrived in advance of our expectations, and without our knowledge went through the custom-house, and a duty was levied against it of 25 per cent. This was the first instance of the material being imported or made available in any way in the United States. We later obtained a hearing on the subject before the appraiser of the port of New York, and he reversed his former ruling and placed the material upon the free list in accordance with his letter, as follows:

SIR: This office is in receipt of your letter of the 25th instant, with inclosures, together with sample of cyanamid, an importation of which was received by you ex s/s *Princess Irene* in May last and was returned for duty by this office at 25 per cent ad valorem as a chemical compound under paragraph 3.

Further considering the subject and after analysis duly made, this office is of the opinion that the merchandise in question, represented by the sample submitted, is used only for manure and should be returned free of duty under paragraph 569 of the tariff.

The inclosures of your letter are herewith returned.

Respectfully,

E. S. FOWLER,
Appraiser.

Referring to the tariff law of 1897 and to paragraph 569 thereof in the appraiser's letter, the following is noted under the heading "Free list:"

569. Guano, manures, and all substances used only for manures.

This company feels that the holding of the appraiser should be further fortified by actually incorporating the material lime nitrogen in the free list, for the company feels that its investment will be too large to hazard it in any way where it might be affected at all by rulings or reversals of rulings of a customs officer. The material will be manufactured on a close margin and must, therefore, be assured beyond peradventure of immunity from duty in order that agriculture, horticulture, and tree culture may profit by the use of the material. This material would be incorporated in the free list of the tariff to-day, except that it is an entirely new material and has, therefore, never come to the attention of Congress before. It should be enumerated in one of the following paragraphs of the free list of the tariff:

497. Blood, dried, not specially provided for.

569. Guano, manures, and all substances used only for manure.

639. Phosphates, crude.

644. Potash, crude, or "black salts;" carbonate of potash, crude or refined; hydrate of, or caustic potash, not including refined in sticks or rolls; nitrate of potash, or saltpeter, crude; sulphate of potash, crude or refined; and muriate of potash.

665. Soda, nitrate of, or cubic nitrate.

675. Sulphuric acid, which at the temperature of 60° F. does not exceed the specific gravity of $\frac{1}{380000}$, for use in manufacturing superphosphate of lime or artificial manures of any kind, or for any agricultural purposes.

The formula of calcium cyanamid is $CaCN_2$, and is obtained in the reaction described above as represented by the following equation:

$$CaC_2 \pm N_2 = CaCN_2 + C.$$

The lime nitrogen industry, although not yet inaugurated in this country, is three years' old in Europe, where ten or more factories are in operation or in process of construction for the purpose of producing the material. Lime nitrogen has been used during three seasons on a diversity of crops with results that show it to be probably the best of all the nitrogenous fertilizers. Some two or three hundred experiments have been carried out under the auspices of the agricultural bureaus and experts of Europe. The plan has usually been followed of planting equal and adjoining areas with the same crop, one acre to be fertilized for the purpose of experimenting with cyanamid, one with Chilean nitrate, one with sulphate of ammonia, and the fourth would not be fertilized at all. Taking the fertilizing value of Chilean nitrate at 100, it has been found that cyanamid has an agricultural value of 105, and sulphate of ammonia has 97. All the experiments give practically this result. The results obtained vary slightly with different crops, and such crops as vegetables, the different cereals, sugar beets, fruits, and grasses have been experimented with and in only one crop, namely, rye, has the agricultural value of cyanamid fallen below 100.

We respectfully represent that this material should be declared free of import duty, based upon the fact of its being a manure of equal or greater value than any other natural or artificial manure, and for the reason that a great necessity for this material now exists throughout the domain of agriculture in this country, and this necessity will ever increase.

Every ton of it requires two-thirds of an electrical horsepower to produce, and this power can be obtained 40 per cent cheaper on the Canadian side at Niagara Falls than on the American side, and other savings in cost can be affected at that point which are not possible on the other side of the river.

Respectfully submitted.

AMERICAN CYANAMID COMPANY.
By CHAS. H. BAKER,
Vice-President.

A Bill (H. R. 7621) for the purpose of exempting lime nitrogen, an agricultural fertilizer, from import duties.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of promoting the welfare of agriculture, horticulture, and tree culture in the United States and her Territories and colonies, the material known as lime nitrogen or calcium cyanamid, a nitrogenous fertilizer, be, and is hereby, declared free of import duty.

COAL-TAR PITCH AND COAL BRIQUETTES.

11 BROADWAY, NEW YORK, *November 11, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We wish to enter a strong protest against the argument of Messrs. Stewart-Champlain and John E. Pennock on behalf of the Semet-Solvay Company, of Syracuse.

We are interested in a manufacture of coal briquettes, and in our efforts to introduce this new industry we are seeking to make useful as a fuel the immense accumulation of coal dust now lying useless in the anthracite coal region of Pennsylvania. In developing this industry we are the pioneers, and so far the only successful manufacturers of so-called egg coal, of which we send a specimen to your committee. Like all new industries, we have to contend with many difficulties, and in our struggle to make ours successful we are often met with impediments in the way, such as the Semet-Solvay Company, which manufactures pitch as a by-product from the making of coke. We are using pitch in working our briquettes, and if a duty is imposed upon this article we will be virtually in the hands of a very strong monopoly here, and everyone knows how warm-hearted and liberal monopolies are. Witness the pattern of all trusts—the Standard Oil Company.

By the way, this latter company is also a producer of pitch, so that our chances for existence would be very slim if these people are encouraged in their nefarious ways.

We may mention incidentally that the Semet-Solvay Company has been trying for some time to manufacture coal briquettes without success, and in order to find out how have resorted to the usual methods of trusts.

Seriously speaking, we believe it is not the intention of Congress to throttle any rising industry and favor a monopoly, such as the Semet-Solvay Company, and we beg leave to file a strong protest against any duty being put on pitch which can be procured now from abroad at reasonable prices while pitch is free from duty. The Semet-Solvay Company can sell at the same prices and yet make a good profit. This is known to the writer, who years ago distilled coal tar for making pitch.

Yours, very truly,

COLNE & Co.,
Commission Agents.

OXIDE OF ZINC.

71 BROADWAY, NEW YORK, *November 11, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: In reply to the question asked me at the tariff hearing before your committee on the 10th instant by Congressman Hill, as to the relative cost of crude material and cost of labor in the manufacture of oxide of zinc, I have the honor to give you the following figures, which are furnished me by The New Jersey Zinc Company:

Cost of crude material (ore) at the furnaces, 53.25; cost of labor and other items constituting cost of manufacture, 46.75 per cent.

The foregoing figures are the averages for the past two years, and I believe them to be as correct as possible. Of course labor also enters into the mining of the crude material. Such items as fuel, in addition to the cost of labor, enter into the manufacturing costs.

Any further information which your committee desires I shall be glad to furnish if it can be obtained.

Very respectfully,

H. S. WARDNER.

CHICLE GUM.

KNOXVILLE, TENN., *December 16, 1907.*

CHAIRMAN OF WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: There is a movement on foot by the independent chewing-gum manufacturers of the United States to have the duty on gum chicle abolished. This duty, passed some years ago under the Dingley bill, has been a great burden to the independent manufacturers owing to their inability to import this product in its raw state from Mexico and Central America into Canada (as is done by the trust), and there dry and clean same, thereby saving to themselves the largest part of the duty, as it then comes over into our country in its dry state—that is, after shrinkage—and our Government is in that way defrauded out of a good part of the duty, and no one outside of the trust is benefited.

For your information we beg to advise that there are 140 or more small manufacturers of gum in the United States, against 5 comprising the trust, and although they represent only a small part of the capital represented by the trust, we feel sure that your sense of justice will prompt you to do what you can to give us a different kind of protection from what we are now receiving.

Thanking you in advance for anything you can do to further the repeal of this unjust tax, we are,

Yours, very truly,

WALLA-WALLA GUM CO.,
Per W. D. BIDDLE.

BARYTES.

POTOSI, MO., *July 30, 1908.*

Hon. RICHARD BARTHOLDT, *St. Louis, Mo.*

DEAR MR. BARTHOLDT: In compliance with your recent request regarding the necessity for a duty on barytes, I beg to submit the following:

Barytes is a mineral substance, the base of which is barium. Its chief value in the commercial world is as a white pigment, and when properly combined with white lead and other pigments is said to produce the best grade of paint known to the American trade. (See p. 5, 1904 Bulletin, entitled "Production of Barytes," issued by the United States Geological Survey, and subsequent issues.)

The chemical formula of barytes is $BaSo_4$. In appearance it is a white, translucent, crystalline material, about as hard as calcite, but differing in specific gravity. It is usually found in granular, fibrous, and earthy masses; sometimes it appears in stalactitic forms, as well as in clustered crystals.

In nature the mineral is rarely pure, carrying with it a small per cent of silica, lime, magnesia, and iron. (See p. 3, 1907 edition, same document.)

Missouri has produced more than 50 per cent of all the barytes produced in the United States within the last twenty-five years. Washington County produces annually 75 per cent of all the barytes produced in Missouri. (See p. 3, 1907 edition, above-named docu-

ment.) There are seven plants in the United States engaged in the manufacture of barium sulphate and other barium products, three of which are in Missouri. The Point Mining and Milling Company has a plant at Mineral Point; Nulsen, Klein & Krausse and the J. C. Fink Manufacturing Company each have large plants in the city of St. Louis. The other mills are located in Tennessee, Virginia, West Virginia, and North Carolina.

In 1906 there were produced in the United States 50,231 tons, or something over 100,000,000 pounds, of barytes. This amount represents the greatest annual production since 1867, except the years 1900, 1902, 1904, and 1907. (See p. 8, 1906 edition, same document.)

In 1906 there were imported into the United States, chiefly from Germany and Newfoundland, 13,997 tons of barytes, or about 27,000,000 pounds. Of this amount imported, about two-thirds was of the crude material. (For these estimates see p. 9, 1906 edition, abovementioned document.)

A comparison of the amount of barytes imported into the United States in 1906, with the total amount produced in the United States, shows there was imported in that year more than one-fourth as much as the whole country produced. Yet the fact remains we have the finest quality in the United States the world produces, especially in Missouri. An analysis of the article has demonstrated the truthfulness of my statement. I have had samples of both the foreign article and the home product analyzed. I quote the 1906 data because I happen to have it in form. Since collecting it, however, I have received the figures both on the production and importation of barytes for 1907, which are as follows: In 1907 we produced in the United States 89,621 tons of crude barytes, which was our greatest year in the history of the industry. In 1907 we imported, chiefly from Germany and Newfoundland, 31,751 tons of barytes, which was more than one-third as much as the whole United States produced. In addition to these importations, there were imported a number of precipitated barium compounds, the exact amount of which I do not know, but in value amounted to $375,117. (See p. 11, 1907 edition, same document.)

The Oil, Paint, and Drug Reporter, a reliable trade journal published in the city of New York, shows in the first two weeks of this year (January, 1908) there were imported into the United States 1,100 tons, or over 2,000,000 pounds, of barytes. The same journal shows there was imported into the United States during the first twenty-seven weeks of this year 14,956 tons of barytes. This is an alarming state of affairs to the American manufacturer and to the Missouri producer especially, because all of our plants have been closed most of the time since last December. Our mills have on hand approximately 20,000 tons, or about 40,000,000 pounds.

We have on railroad platforms in Washington County at the various shipping points approximately 10,000 tons, or 20,000,000 pounds. In other words, we have on hand almost enough ore in Missouri ready for the mills to run twelve months, and at present not a pound can be sold; with several hundred unemployed miners, who need employment. I have personal knowledge of the situation because I am interested in the mining of barytes.

Under these distressing circumstances the foreign product certainly should not be admitted free of duty into the United States.

The more barytes there is admitted into our country now the longer the American manufacturer and the American miner will have to wait for a demand for the home product. There is a diminutive duty of 75 cents per ton on the crude ore (think of it, 75 cents per ton) and none at all on the manufactured article. We had as well have none. A Treasury Department decision, July 26, 1906, gave us an ad valorem duty of 25 per cent on the chemically prepared and highly manufactured article, under paragraph 3 of the tariff act of 1897, which helped some, but I am sorry to say the ruling was later set aside. (See p. 8, 1906 edition, above-mentioned document.)

Recent information discloses the fact that a suit is yet pending in the United States court of the State of New York between the importers of barium products and the Government. (See p. 10, 1907 edition, above-named document.)

In the first session of the Fifty-ninth Congress I introduced H. R. 7599, which sought to fix a specific duty on both the crude material and the manufactured article. The provisions of my bill, I believe, were fairly satisfactory to our people engaged in the industry. Barytes is a very heavy substance and makes good ballast. It is loaded into ships largely for this purpose in European ports and freighted across the sea and unloaded at our ports of entry for less than we can pay the freight from St. Louis to New York, the freight rate being more than $4 per ton from St. Louis to our principal Atlantic seaboard towns.

The fact is, we have an important infant industry in the United States, especially in Missouri, which is languishing and dying for want of protection. It is earnestly hoped that Congress will take some steps, at the earliest practicable date, toward giving us a reasonable duty on barytes.

Very respectfully, M. E. RHODES.

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 4.

FRIDAY, NOVEMBER 13, 1908.

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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

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TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Friday, November 13, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. The hearing this morning will be on the tobacco schedule. If Mr. Cullman is present, we will hear him first.

STATEMENT OF MR. JOSEPH F. CULLMAN, JR., PRESIDENT OF THE NATIONAL CIGAR LEAF TOBACCO ASSOCIATION, NEW YORK, N. Y.

The CHAIRMAN. You represent the National Cigar Leaf Tobacco Association?

Mr. CULLMAN. Yes, sir.

The CHAIRMAN. Where do you reside?

Mr. CULLMAN. In New York City.

The CHAIRMAN. You may proceed.

Mr. CULLMAN. Mr. Chairman and gentlemen of the Ways and Means Committee, I appear before your committee in behalf of the National Cigar Leaf Tobacco Association, which comprises in its membership growers of cigar leaf, packers and dealers, importers and manufacturers. Naturally, there is a diversity of opinion regarding tariff matters among such varied interests, and it will be my endeavor merely to offer you a statement of the condition of the tobacco industry at present and to urge no specific legislation, leaving the decision as to whether changes in the law are desirable entirely in your hands, feeling confident that thereby a fair conclusion will be arrived at.

The present duty on filler tobacco is such as to preclude the use of foreign leaf in the greater portion of our production and ample to protect the products of our filler-growing States. However, it is not so high as to exclude the use of foreign tobacco in a high-grade output, thus enabling American cigar manufacturers to compete in the production of fine clear Havana cigars and permit the partial use of foreign tobacco in seed and Havana cigars.

Owing to the peculiar nature of Cuban tobacco, which, by the way, is the chief filler tobacco imported, and the difficulty and variance of opinion as to what is wrapper and filler, there has been some abuse in the imports thereof. We find that in the Florida district, a clear Havana manufacturing district, in the fiscal year 1907 but 28,895 pounds of wrappers were declared to cover 322,000,000 cigars. The importation of Havana wrappers to cover approximately the 450,000,000 made in the United States in the last year was only 42,653

pounds. The appended tables (Exhibits B and C) will show the small percentage of wrapper to filler imports, and even conceding that Havana tobacco will wrap as economically as Sumatra, namely, with 2 pounds to the thousand, 900,000 pounds of Cuban wrappers would have been necessary to wrap the annual clear Havana production of the United States in the last few years. While we are fully aware that it is a rather difficult matter to determine just what percentage of wrapper there is in a bale of tobacco, we believe some legislative relief in this direction should be given. A uniform rate of duty on Cuban tobacco would eliminate many controversies and the rather discreditable discrepancies now existing in the importations of Havana. We recognize the legislative and diplomatic difficulties in the way of the adoption of a uniform rate, but we are content to leave it to the wisdom of this committee to devise a solution of the problem, if it be practicable to provide one.

The annual production of cigars in this country is about 7,500,000,000. Of these about 2,700,000,000 are wrapped with Sumatra, assuming an average consumption of 30,000 bales. Clear Havana and pseudo-Havana cigars are produced to the extent of 600,000,000. Cigars wrapped with Georgia or Florida Sumatra are produced to the extent of 840,000,000, basing the figures on a production of shade-grown leaf of 12,000 bales. Connecticut broad-leaf cigars are made to the extent of 400,000,000, basing the estimate on a production of broad-leaf of 20,000 cases. Cigars wrapped with the finest grade of Connecticut Havana seed are produced to the extent of 500,000,000, estimating that the prime wrappers of that crop approximate 10 per cent. We doubt very much whether the ten-year average will show more than a production of 7,000 cases per annum of fine Connecticut Havana seed wrappers. The remainder of our cigar production, about 2,400,000,000, for the most part cheaper products, are wrapped with Connecticut, Pennsylvania, New York State, or Ohio tobacco, selling at a price from 18 to 30 cents.

It is perhaps interesting to compare the cost per thousand cigars of the various wrappers. Sumatra at 80 cents (the cheaper grade generally used), with $1.85 duty and figuring 2 pounds per thousand, would cost $5.30 per thousand. Sumatra of the finer grade would cost $6 per thousand, figuring the cost of tobacco at $1.15. Florida tobacco, average grade, at $1.50 per pound, would cost $3 per thousand. The finest grades, which would sell at $2 per pound, would make the cost $4 per thousand. Havana seed, fine wrappers, such as will bring 70 cents, will wrap with 4 pounds per thousand, bringing the cost of same to $2.80. The remainder of the Havana seed crop and the Pennsylvania, New York State, and Ohio tobaccos used for wrappers will average $1.50 to $2 per thousand cigars.

The price of Connecticut Havana seed wrappers has varied in no degree in relation to the price of Sumatra or the duty thereon, the inherent good or poor qualities of the crop, in connection with the business conditions at the time of sale, have been the sole factor in determining the price. Connecticut Havana seed is in no way a competitor with Sumatra. It is used by a different class of manufacturers than those using Sumatra. Regarding the raising of shade-grown tobacco in Connecticut, there has been no appreciable increase in the last ten years. I append to this statement a table show-

ing the acreage, production, and farm value of the Connecticut and Florida crop of the past twelve years. (Exhibit A.)

The production of Florida and Georgia tobacco has increased enormously in the last few years. This has been brought about by the tremendous possibilities for profits which have stimulated production abnormally. The wrapper portion of Florida tobacco is grown mostly under shade, and I venture to say that 75 per cent of that crop is raised not by farmers but by large corporations or firms, as the cost of raising same precludes the farmer of moderate means from its production. The Florida and Georgia Sumatra wrapper has not been affected by the price or duty on Sumatra, but by the inherent good or poor qualities of the crop as shown by the appended figures. The difference of the cost per thousand cigars of Sumatra and Florida wrappers is such that they are not competitors, but each has its place and will have in our cigar industry.

The tendency of the cigar business has been toward centralization. The output per factory has increased out of all proportion to the increase in production, as shown by Exhibit D.

Let me quote you the figures: In 1896 the number of cigar factories was 31,401, and they produced 4,048,463,306 cigars, with a factory output of 129,000. In 1906 the number of cigar factories was 25,813, producing 8,137,299,565 cigars, the production per factory being 315,200 cigars, which shows that the increase in factory output has proceeded out of proportion to the increase in the number of cigars.

Mr. UNDERWOOD. The production of cigars or tobacco?

Mr. CULLMAN. The increase in cigars has been from 4,000,000,000 to 8,000,000,000, an increase of 100 per cent, and in the production from the cigar factories, the individual output, there has been an increase of 150 per cent.

Mr. UNDERWOOD. There has been a centralization of business, you mean?

Mr. CULLMAN. Yes, sir.

We believe that this centralization has been partly caused by the present rate of duty, that the small manufacturer requiring so much more money for duty has been handicapped in his development. Should this centralization continue it may be apprehended that the cigar manufacturing industry will become so concentrated that the workmen will have little choice of employment and the farmer will have but few buyers for his product. It may interest you to learn that fully 40 per cent of the cigar leaf crop of 1907 was purchased for use by a single manufacturing corporation. It will probably be conceded that it is to the best interest of the farmer, dealer, manufacturer, and consumer that the industry be as diversified as possible, the small manufacturer be given a chance to increase his business, and that the farmer of the future may have a wide outlet for his tobacco.

The National Cigar Leaf Tobacco Association asks nothing. It merely wishes to place before your committee the facts in the case and to leave it to your good judgment as to what methods are proper and right to check the tendencies I have referred to that have grown up in the business since the enactment of the Dingley law. It is

our earnest wish that the action taken by Congress shall be for the welfare of the entire cigar leaf industry and not for the sole benefit of any particular branch.

Exhibit A.

Production of leaf tobacco in Connecticut and Florida, 1896-1907.

CONNECTICUT.

Year.	Acreage.	Production, pounds.	Farm values.
1896	6,579	10,197,450	$1,325,668
1899	10,119	16,930,770	3,074,022
1900	10,948	18,435,765	2,833,041
1901	11,782	18,682,319	2,756,221
1902	12,725	21,785,200	3,485,632
1903	13,234	21,174,400	3,282,032
1904	12,705	21,407,925	4,838,191
1905	13,340	23,011,500	3,911,955
1906	14,140	24,532,000	4,415,922
1907	14,400	21,744,000	2,501,000

FLORIDA.

Year.	Acreage.	Production, pounds.	Farm values.
1899	2,056	1,125,600	$254,211
1900	2,220	1,211,066	309,814
1901	2,610	1,420,705	382,859
1902	3,079	1,601,080	480,324
1903	3,726	2,608,200	834,624
1904	4,434	3,613,710	1,138,319
1905	5,321	3,192,600	574,668
1906	5,400	4,725,000	1,653,750
1907	7,500	6,937,500	3,122,000

NOTE.—With the exception of the figures for 1896, which are derived from the census, the statistics in the above table are taken from the reports of the Department of Agriculture. No statistical reports on tobacco were made in the years 1897 and 1898.

Exhibit B.

Imports of leaf tobacco, 1897-1908.

Year.	Total imports.		From Cuba.		From the Netherlands.	
	Wrappers.	Fillers.	Wrappers.	Fillers.	Wrappers.	Fillers.
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*
1897	6,057,268	7,747,959	3,129	4,406,944	5,270,924	175,050
1898	3,988,561	6,488,547	44,577	4,357,219	3,688,846	5,793
1899	4,147,048	9,888,781	99,355	7,730,500	3,796,949	19,972
1900	5,561,068	14,058,559	131,494	11,272,334	5,048,194	52,976
1901	6,574,586	20,276,667	88,021	18,564,775	6,251,594	12,246
1902	5,729,879	23,698,958	52,323	18,840,459	5,517,841	9,948
1903	6,314,359	27,702,597	98,402	21,984,308	5,943,159	13,811
1904	7,387,390	23,775,246	59,061	20,443,553	6,964,130	146
1905	7,109,595	26,178,783	43,166	21,430,283	6,764,861	10,247
1906	6,732,774	30,622,703	109,714	24,095,348	6,516,933	14,075
1907	7,576,325	31,963,996	38,274	20,335,769	7,066,778	36,306
1908	5,943,714	26,112,321	42,653	17,929,086	5,817,733	

EXHIBIT C.

Imports of leaf tobacco at Key West and Tampa, 1898-1908.

Fiscal year.	Key West.		Tampa.	
	Wrappers.	Fillers.	Wrappers.	Fillers.
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*
1898	30,526	527,263	7,514	699,748
1899	11,198	396,934	10,257	914,009
1900	29,633	704,659	11,976	1,489,750
1901	24,085	773,106	10,443	2,212,867
1902	23,986	827,906	7,032	3,549,201
1903	17,585	898,278	7,190	3,859,897
1904	22,962	1,041,343	6,359	3,484,681
1905	14,486	1,251,616	9,388	4,703,711
1906	20,052	1,385,812	11,081	4,542,295
1907	14,631	1,361,843	14,264	4,930,603
1908	12,995	1,364,556	8,683	4,526,123

EXHIBIT D.

Production of cigars, 1896-1907.

Calendar year.	Factories.	Production.	Production per factory.
1896	31,401	4,048,463,306	129,000
1897	31,435	4,431,050,509	141,000
1898	30,856	4,915,663,350	159,300
1899	28,523	4,909,566,840	172,100
1900	27,366	5,565,669,701	203,300
1901	24,567	6,904,639,012	281,400
1902	26,423	6,907,830,553	261,400
1903	26,456	7,398,424,150	279,600
1904	26,703	7,376,669,742	276,200
1905	26,631	7,551,510,893	283,500
1906	25,813	8,137,299,565	315,200
1907	23,882	7,302,029,811	305,700

EXHIBIT E.

Production of cigars in Florida district, 1898-1908.

Fiscal year.	Production.	Fiscal year.	Production.
1898	139,391,909	1904	242,377,000
1899	141,330,166	1905	299,147,000
1900	160,568,055	1906	332,173,666
1901	186,639,722	1907	377,209,000
1902	179,982,666	1908	332,805,970
1903	224,730,000		

STATEMENT OF MR. J. L. McFARLIN, QUINCY, FLA.

Mr. McFARLIN. I am president of the Florida and Georgia Leaf Tobacco Association, and a member of the firm of Kraus-McFarlin Company, of Chicago, growers and packers of Florida tobacco.

I appeared before the Ways and Means Committee at the time that the Philippine tariff was discussed. At that time you were fully informed as to the manner in which we grow tobacco—that is, under the shade, which is made by suspending cloths 9 feet above the

ground, or by weaving slats between wire and the tobacco is grown artificially. There are at the present time at least 5,000 acres of this shade tobacco grown in Florida and Georgia. It represents capital of at least $7,000,000 invested in barns for curing and shade apparatus erected alone. Taking the cost of the lands, teams, and farm implements necessary for the production of this tobacco, with packing houses to finish the article for the market, there is invested in Florida and Georgia over $20,000,000, and this gives employment to twenty or thirty thousand people directly in the tobacco business.

The cost of producing this tobacco is about 50 cents a pound from the field. When packed and ready for the market there is about one-third of this tobacco that comes in competition and is recognized as a substitute for Sumatra tobacco, and when you use the word "substitute" in connection with any commodity it means that it must be cheaper.

The margin of profit that we obtain from this tobacco is so small that any change in the tariff at the present time would almost mean confiscation. No one has pulled out a dollar from all the money that has been invested in Florida. My company has at the present time an investment of $700,000. We have taken all the money that we could get out of it and put it back into improvements.

This great industry started in 1906 and has had the encouragement and assistance of the Government through the Agricultural Department. With the present condition of the country any change in the tariff would be disastrous to Florida and Georgia and not alone to those States, but to Texas and to Alabama. The Agricultural Department has encouraged the industry, showing to the people the advantage of such an investment, and without the present tariff there would be a great loss to all who are interested in this industry. I do not go into any statement of figures; you gentlemen can easily obtain them.

The gentleman has stated that the difference between wrapping a thousand cigars with Sumatra and Florida tobacco is about $3 a pound. In fact, we are now submitting to the manufacturers our tobacco, and if they can save a dollar a pound by wrapping a thousand cigars by using Florida instead of Sumatra tobacco they will accept it. In a great many cases we find that they can not do that.

I view the matter from a selfish standpoint and also from the general standpoint, and for the life of me I do not see how a reduction of the tariff will benefit anyone in the United States. On the other hand, it will almost ruin the industry in Florida, Georgia, and Connecticut, and will be of no advantage to anyone. Besides, the Government will lose the revenue from the tobacco that is imported from Sumatra.

I appeared before your committee, as I before stated, and by referring to the report you will find a statement of the manner of the construction of the shade and the cost, which is $1,000 an acre, and all the necessary figures. Therefore I do not think it is necessary for me to consume your time.

The CHAIRMAN. As I understand, you say that it costs about $1 a pound to raise the tobacco?

Mr. McFARLIN. No. The cost of production in the field is 50 cents a pound, the absolute cost.

The CHAIRMAN. What proportion of that crop is suitable for wrappers?

Mr. McFARLIN. About one-third, which comes in competition with the Sumatra tobacco.

The CHAIRMAN. That is a grade about equal to the Sumatra tobacco?

Mr. McFARLIN. It wraps the same number per pound, but in selling it the reason the mistake is made is that when a manufacturer gets a bale of Florida tobacco he takes out that portion of it which resembles Sumatra tobacco and uses it, and he throws the balance aside and it is sold at a very low price.

The CHAIRMAN. Do you remember the importing price of Sumatra tobacco?

Mr. McFARLIN. It ranges from 40 cents to $1.10.

The CHAIRMAN. The last report is 99 cents.

Mr. McFARLIN. That is an average. You can buy it as low as 40 cents, up to $1.10 and $1.20.

The CHAIRMAN. The other two-thirds are used for fillers?

Mr. McFARLIN. For instance, if you desire those figures, the cost of the tobacco from the field is 50 cents and then there is a loss in shrinkage when it gets into the packing house of 35 per cent. There is also a loss in what we call strippers, for which we receive from 5 to 7 cents, 10 or 15 per cent, and when we get through we have about 60 per cent of the weight that is put on the market, a grade of second wrappers.

The CHAIRMAN. Have you ever figured up the different prices you get for the different grades of tobacco on an acre or any quantity of land and made an average of what it sold for during the last year?

Mr. McFARLIN. Yes, sir; but I have not the figures. I will do this, if you desire; I will submit to you in writing the cost of every acre and what we get for the tobacco and compare it with the Sumatra tobacco.

The CHAIRMAN. And the quantity per acre?

Mr. McFARLIN. Yes, sir.

The CHAIRMAN. And at the same time can you give us the different items of the cost of cultivating an acre of tobacco?

Mr. McFARLIN. Yes, sir.

The CHAIRMAN. I think that would be very useful.

Mr. McFARLIN. I will submit to the committee between now and the 4th of December the figures you desire.

The CHAIRMAN. There has been a considerable increase in the growing of tobacco in Florida under the Dingley bill?

Mr. McFARLIN. Yes, sir. There has also been a considerable loss.

The CHAIRMAN. I do not suppose the tobacco industry has been so good for the past year?

Mr. McFARLIN. No, sir. I know you are pretty well informed on this subject.

The CHAIRMAN. The consumption has not been so great for the past year?

Mr. McFARLIN. No, sir.

The CHAIRMAN. The internal-revenue receipts have fallen off?

Mr. McFARLIN. Yes, sir. Florida had a black eye on account of a bad crop.

The CHAIRMAN. Are you trying to raise any tobacco in Florida that will take the place of the Habana wrapper?

Mr. McFARLIN. We can not do that. We could compete with them if we had a high duty.

The CHAIRMAN. Your tobacco is all raised under cheese cloth?

Mr. McFARLIN. Yes, sir. I have a picture here if you would like to look at it [exhibiting picture].

Mr. UNDERWOOD. What counties in Florida raise tobacco?

Mr. McFARLIN. Gadsden, Jefferson, Leon, and Jackson counties.

Mr. UNDERWOOD. What is the value of the unimproved lands in Florida on which this tobacco can be raised. I do not mean improved lands, but the unimproved lands.

Mr. McFARLIN. You can buy land in Gadsden County at from $15 to $20 an acre.

Mr. UNDERWOOD. What is the cost of preparing those lands? I do not mean with fertilizer or with the shade, but otherwise preparing them for cultivation.

Mr. McFARLIN. You mean just clearing the land?

Mr. UNDERWOOD. Yes, sir.

Mr. McFARLIN. About $50 an acre.

Mr. UNDERWOOD. Is it heavily timbered?

Mr. McFARLIN. You can take the ordinary uplands and at a cost of about $50 an acre you can clear it and put shade over it. Every stump and root has to be removed. It is like a garden.

Mr. UNDERWOOD. That would make the land cost you about $65 an acre?

Mr. McFARLIN. Yes, sir. I have paid $100 an acre for some land.

Mr. UNDERWOOD. What does it cost to put the shade on an acre?

Mr. McFARLIN. The shade and barns and houses for your help, as near as I can figure it, would cost between $1,000 and $1,200 an acre.

Mr. UNDERWOOD. Is it not possible to raise this tobacco where you do not have to furnish the barns?

Mr. McFARLIN. You have to have the barns, because they cure the tobacco in the barns.

Mr. UNDERWOOD. Is this tobacco raised entirely by men solely in the tobacco business?

Mr. McFARLIN. No, sir. Sixty per cent of the tobacco raised in Florida is raised by individual farmers who have from 5 to 10 acres.

Mr. UNDERWOOD. They already have barns for other purposes?

Mr. McFARLIN. These barns have to be specially built.

Mr. UNDERWOOD. They raise the same tobacco in my district, and the farmers there use the ordinary barns.

Mr. McFARLIN. Where are you from?

Mr. UNDERWOOD. Alabama.

Mr. McFARLIN. I raised some tobacco in Alabama at Marion, some 25 or 30 acres of fillers.

Mr. UNDERWOOD. They are raising shade tobacco there?

Mr. McFARLIN. Yes, sir. I have seen the samples.

Mr. UNDERWOOD. It costs really about $250 an acre to build the shade?

Mr. McFARLIN. Yes, sir. To cure the tobacco you have to build a barn. Of course, a barn will take care of about 3 acres.

Mr. UNDERWOOD. A barn costing $1,000 will house 3 acres?

Mr. McFARLIN. Yes, sir.

Mr. UNDERWOOD. How long will that barn last?

Mr. McFARLIN. Ten or twelve years.

Mr. UNDERWOOD. How long will the shade last? On the average, will the shade last five years?

Mr. McFARLIN. No, sir.

Mr. UNDERWOOD. By keeping it up, I mean?

Mr. McFARLIN. Yes, sir.

Mr. UNDERWOOD. You can replace one-fifth of it each year and keep the shade in condition?

Mr. McFARLIN. Yes, sir. In three years you will probably have to spend $250 again, because the wind damages it and you have to rebuild it.

Mr. UNDERWOOD. Two hundred and fifty dollars means an investment for three years?

Mr. McFARLIN. Yes, sir.

Mr. UNDERWOOD. How much fertilizer will you have to put on that land each year?

Mr. McFARLIN. I used this year $125 worth of fertilizer an acre.

Mr. UNDERWOOD. With those expenses, averaging the cost of the barn and improvements at $1,000 or $1,200, equal to about $100 a year, and the shade improvements divided by 3 for three years' time, and your fertilizer, what will be the actual cost to raise the tobacco?

Mr. McFARLIN. The actual cost, without any wear or tear, foots up about 43 cents.

Mr. UNDERWOOD. You sell the tobacco for a dollar a pound in ordinary times? I understand you had a bad crop in Florida this year.

Mr. McFARLIN. You have an idea that this tobacco is all sold. If you raise 1,000 pounds and it brings $1 or $1.50 a pound, you only get 60 per cent of the field weight back. Last year I got 22 per cent of light tobacco that brought that price. The balance ran from 7 cents to 40 or 50 cents.

Mr. UNDERWOOD. You raise about 1,000 pounds to the acre?

Mr. McFARLIN. Yes, sir.

Mr. UNDERWOOD. Are there not some firms that buy the "run of the crop" for about a dollar a pound?

Mr. McFARLIN. No, sir. The leaf dealers paid as high as 80 cents a pound, but every man who paid that 80 cents is from $50,000 to $75,000 in the hole.

Mr. UNDERWOOD. In the days before the panic came, what did you get?

Mr. McFARLIN. It is pretty hard for me to give you an idea.

Mr. UNDERWOOD. What was the highest price?

Mr. McFARLIN. Two dollars and $2.25.

Mr. UNDERWOOD. What was the average for the "run of the crop?"

Mr. McFARLIN. As I said, about one-third of the crop brings that price, and the balance is a drug on the market and always has been.

Mr. UNDERWOOD. Then, in previous years, for a third of your crop you got about $2.

Mr. McFARLIN. Yes, sir.

Mr. UNDERWOOD. And what was the average for the other two-thirds?

Mr. McFarlin. All the way from 7 to 60 cents.

Mr. Underwood. Can you give us an average?

Mr. McFarlin. No, sir. I suppose the crop brought possibly on an average 75 or 80 cents.

Mr. Underwood. In the days before the panic came on you got something like $1,000 an acre for your crop?

Mr. McFarlin. No, sir.

Mr. Underwood. Two dollars a pound for a third of the crop would be $600?

Mr. McFarlin. Yes, sir.

Mr. Underwood. You take the other third and you have how much left at 60 cents a pound?

Mr. McFarlin. The other two-thirds.

Mr. Underwood. That would bring it up to $1,000?

Mr. McFarlin. But that runs from 7 to 60 cents.

Mr. Underwood. The real difficulty with the tobacco-growing industry in the United States is that due to no other cause except the decrease in your market due to the panic. Your conditions in Florida are as good now as they were in 1906?

Mr. McFarlin. Yes, sir. But, as I stated to you, $7,000,000 or $8,000,000 have been invested in barns and shade and there is not one of those people who have ever drawn out a cent of money. As fast as they have got the money they have put it back in improvements.

Mr. Underwood. Is there not a great deal of overcapitalization?

Mr. McFarlin. No, sir; not at all. They are only individual corporations, and there is no watered stock or anything of that kind.

Mr. Boutell. What is the name of the Chicago firm with which you are connected?

Mr. McFarlin. The Kraus-McFarlin Company.

Mr. Boutell. You yourself are a citizen of Florida?

Mr. McFarlin. Yes, sir; and I am president of the Georgia and Florida Tobacco Association.

Mr. Boutell. You said that you spoke not only from a selfish standpoint, but from a general standpoint against any reduction in the tariff. I take it that the maintenance of the present duty would meet with the general approval of the people of Florida?

Mr. McFarlin. Yes, sir.

Mr. McCall. How does the leaf grown by you for wrapper compare with the Sumatra wrapper?

Mr. McFarlin. It is not as good. We can not make our colors as uniform.

Mr. McCall. At the same price, which would be preferable?

Mr. McFarlin. We never would sell a pound. There would not be a pound of Florida tobacco sold.

STATEMENT OF MR. M. W. MUNROE, QUINCY, FLA.

The Chairman. Please state your full name, business, and residence.

Mr. Munroe. My residence is Quincy, Fla. I am a farmer and run a bank as a side line.

The Chairman. You may proceed, Mr. Munroe.

Mr. Munroe. Mr. Chairman and gentlemen of the Ways and Means Committee, I simply represent the real estate owners and the

producers of tobacco in our section, entirely disassociated from the interests of the packers and distributers of the product, except in so far as they may be dependent upon the efforts of the latter in selling and introducing to the trade their product.

At present the producer with his affairs is in a rather bad condition on account of the bad trade conditions and the poor crop of the year 1907, the crop for the present year having been sold at less than the cost of production. The small farmers produce 60 per cent of the entire crop, and in their efforts to meet the trade requirements all of their available means, together with all the profits of preceding years, have been used in improvements, betterments, and repairs. With the tobacco prospects unsettled by agitation on the tariff it means to them a great loss in the shrinkage of value both of their real estate and their improvements. The continued agitation and the consequent reduction of the tariff which may follow will mean the entire destruction of the value of the improvements. This means that they have put a great deal of money in improvements that are absolutely valueless to them except in the production of tobacco.

Mr. CLARK. They grow the tobacco under canvas?

Mr. MUNROE. Under slats and canvas together.

Mr. CLARK. What is the reason that you can not grow it out in the sun like other people?

Mr. MUNROE. You gentlemen may know that that particular section from 1836 to 1860 produced the wrapper crop of this whole country, and it was used in the export trade to Germany. In those years all that country was covered with hard-wood acreage. It lies in ravines and the watershed had its hard-wood acreage, and the farmers cut that timber down and cultivated the land in tobacco the first year. The next year they planted cotton, oats, and other crops. In the course of time they skimmed the cream all off, and when we began to try to raise tobacco in the sun it would not produce the type of tobacco that the land previously had produced. Mr. Schroeder conceived the idea of trying artificial shade. He had noticed in Cuba that the wrappers he got came from the tobacco that was planted among the orange trees. He tried a quarter of an acre the first year, and it produced a type of tobacco exactly like the virgin land.

Mr. CLARK. You raise all the wrapper tobacco under shade?

Mr. MUNROE. Yes, sir.

Mr. CLARK. Did not that scheme originate in Connecticut?

Mr. MUNROE. Mr. Schroeder originated the entire scheme and everybody else has been an imitator of Mr. Schroeder's plan. Mr. Schroeder attempted to get a patent.

Mr. CLARK. Why did they not raise a second crop on the land that was skimmed off?

Mr. MUNROE. It would not produce the type.

Mr. CLARK. You could not raise two crops?

Mr. MUNROE. No, sir. As you gentlemen can appreciate, you can take a piece of land and manure and fertilize it exactly the same, give it the same care and attention, and you will not get the same result. The tobacco on the outside will grow at its best only about 6 feet high, the very best, an average of about 5 feet, and it makes a heavy, thick tobacco. The tobacco under the shade will grow 9 feet high—it will grow 10 feet high if the land is well tilled—and flower out at the top, and it makes a type entirely different.

This industry has caused within the past ten or twelve years an advance in the value of real estate from $3 per acre to $50 per acre. Should we again be forced to raise cotton in our section, this land not being well adapted to its production, the decline of real estate to its original value would be inevitable. If in former years this industry needed the duty for its maintenance, then it is even more necessary for its well-being now, on account of the increased cost of material for repairs and new improvements.

This industry was started in about 1897, and the first order that Mr. Schroeder's manager placed for laths—he ordered them from the Wilson Lumber Company, of Florida—he got the very best grade of black cypress at 85 cents a thousand. They last indefinitely. Last year inferior laths cost in some instances as high as $4.50 a thousand. In former years the average cost of the lumber was $8 a thousand, and last year it cost $18 a thousand. Shingles in those days, the very best cypress shingles, cost $1.75 a thousand, and now they cost $3.75 a thousand. In those days we could get an abundance of labor at from $12 to $15 a month, and the cost for labor last year was about $1.50 a day. The cost of cotton-seed meal has increased from $26 to $32.

Mr. UNDERWOOD. How much tobacco did you raise in 1906?

Mr. MUNROE. The total crop of tobacco would amount to about 4,000,000 pounds.

Mr. UNDERWOOD. I mean you, individually. You are a raiser of tobacco?

Mr. MUNROE. I am a real estate owner.

Mr. UNDERWOOD. Then you are not in the tobacco business?

Mr. MUNROE. Yes; I am very largely interested in the tobacco business.

Mr. UNDERWOOD. How much tobacco did you raise in 1906?

Mr. MUNROE. About 8,000 pounds.

Mr. UNDERWOOD. What did you sell it for?

Mr. MUNROE. In 1906 we sold the tobacco for 45 cents a pound.

Mr. UNDERWOOD. Was that shade tobacco?

Mr. MUNROE. Yes, sir.

Mr. UNDERWOOD. That was the "run of the crop?"

Mr. MUNROE. That was the "run of the crop." In 1907 we sold the tobacco for 80 cents a pound, which was an abnormal price.

Mr. UNDERWOOD. What was the occasion of the cheap price in 1906?

Mr. MUNROE. The Florida tobacco has had great difficulty in making a name among the trade. I am reliably informed that there are a large number of men who use it who will swear until they get black in the face that they would not allow one single pound of Florida tobacco to go into their packing house. I will give you an illustration of what I mean by that. I will tell you of the guise under which the Florida tobacco masquerades. It has never got its dues or its deserts. It is used by manufacturers and it is known to the trade as Sumatra tobacco. In 1902 we were producing the sun tobacco. I had some business in Ocala, which is a large cigar manufacturing center, and I spoke to Mr. Joseph Morales and asked him if he ever used any Florida tobacco and he said, "No; I use only clear, clean, Habana tobacco." I told him that I would send down a bundle of the Florida tobacco for him to try and the next time I came along he was to let me know the result. I went down to Ocala several months

afterwards and I asked him how he liked the tobacco. "Why," he said, "I will tell you. If I dared to use that tobacco in my factory I could get rich, but I do not dare use it. My competitors would get on to it and I would be damned throughout the trade for using an adulterant." That was a great many years ago and I was younger and greener and I took his statement as a fact. As time passed he moved over to Tampa where he opened a cigar factory, and in the course of time he died. I had some friends in Quincy, the Owl Commercial Company, who deal largely in Florida filler, and they went down to Tampa and learned from Mr. Morales's widow that he had a large amount of high-priced imported tobacco, but when they went into the factory they found only a small percentage of imported tobacco and the balance of it was all Florida filler, bought from A. Cohen, of the city of New York, and they bought the tobacco and the check came through our bank and we paid it.

Mr. UNDERWOOD. Was the tobacco that you referred to in 1906 that brought 45 cents a pound shade grown?

Mr. MUNROE. Yes, sir; shade grown. I have stated that the price last year was abnormal. It has always been an old cry to get rid of the middleman and his profit, but they are like some other troubles, always with us, and last year they paid a price that the article would not stand. All we can ever hope to get, year in and year out, taking into consideration the repairs that must be made, I would say, is 50 cents for the producer. That would be a good price.

Mr. UNDERWOOD. Are there not any firms in this country that pay $1 a pound for the tobacco?

Mr. MUNROE. Not that I know of. There was one single crop sold by a gentleman in our county to a buyer who played him as a favorite, and who gave him 90 cents. The average price of the crop last year would be somewhere about 70 cents a pound.

Mr. UNDERWOOD. The average price?

Mr. MUNROE. Yes, sir.

Mr. UNDERWOOD. At 70 cents a pound is there any profit in it?

Mr. MUNROE. There was a profit to the producer at 70 cents a pound, but you know humanity is the same everywhere, and when we get a lot it takes a lot to live on, and that has come very near ruining us in our country. At 70 cents a pound they got extravagant habits. They thought they had a gold mine and all they had to do was to shovel it out.

Mr. CLARK. Do you think it is fair to tax the people of the United States to let those people live like nabobs?

Mr. MUNROE. I will tell you——

Mr. CLARK (interrupting). Just anwer that question, please.

Mr. MUNROE. I can answer it, and I can answer it consistently. In the first place, I am one of the people and I take an interest in the Federal Government. We need money in the Treasury, according to newspaper reports.

Mr. CLARK. If we did not spend so much we would not need so much.

Mr. MUNROE. It is spent and it is going to be spent, and no protest of yours or mine can stop it.

Mr. CLARK. We will see about that. There might be such a protest that they would let up on extravagance.

Is it fair to tax the people of the United States to allow these tobacco men to live like nabobs because they have formed extravagant habits of living?

Mr. MUNROE. You ought to see us at home. I do not think you would call us "nabobs."

Mr. CLARK. You have stated that the reason that they could not make a profit at 70 cents a pound was because they had formed extravagant habits of living.

Mr. MUNROE. You take this feature: Every one of these people——

Mr. CLARK (interrupting). I wish you would answer my question.

Mr. MUNROE. I want to answer it and I want to give you a plain answer. If you want to know the moral, I do not think anybody has a right to live at expense of another man. You can not, however, speak of extravagance except by comparison. People who live at a certain gait, it may be a very, very slow gait, and if they get up to another gait, which might be a very slow gait to what you or I might live, still it would be a very fast gait for them.

Mr. CLARK. Do you think that the people ought to be taxed to allow your people to travel a fast gait?

Mr. MUNROE. They have lost that gait now.

Mr. CLARK. They lost it under the Dingley bill?

Mr. MUNROE. That was before.

Mr. CLARK. The gait they are going now. You are complaining about the conditions now?

Mr. MUNROE. What has ruined them is that they have not gotten the 70 cents.

As to the duty on tobacco, as I understand conditions from my standpoint, the Government needs the money and the duty on tobacco is a revenue producer, and from my information it does not curtail the importation of tobacco at all, but it comes in as the trade and growth of the country increase. It has come in in an increased ratio every year except last year, which was abnormal. So incidentally we get protection and directly the Government gets the last dollar it can out of it.

Mr. CLARK. You can not raise tobacco down there without all this artificial process?

Mr. MUNROE. We have to have the shade.

Mr. CLARK. Other parts of the country can.

Mr. MUNROE. They can not raise that kind of tobacco.

Mr. CLARK. I know they can not. They can raise a better grade of tobacco.

Mr. MUNROE. Not of the wrapper tobacco.

Mr. CLARK. Has the taste and texture changed in the last fifteen or twenty years?

Mr. MUNROE. I will tell you how I understand the manufacturers base the value of a cigar leaf. They base it on the minimum number of pounds it will take to wrap a thousand cigars. In other words, the tobacco that will only take 1¾ pounds to wrap a thousand cigars is considered more valuable than a tobacco that will take 5 pounds, and the merits of this tobacco we raise is largely in its fine texture, its fine appearance, its fine style, and the small number of pounds it takes to wrap a thousand cigars.

Mr. CLARK. Twenty-five or thirty years ago in my section they raised an immense quantity of tobacco and then they quit it, and I

supposed that it was because the tobacco out there grew so heavy and thick and the rough land that the people were cultivating the tobacco on. You raise this thin wrapper tobacco?

Mr. MUNROE. I will advert to the time when this tobacco industry came to us. We could have continued for a number of years after the war to have raised this style of tobacco—we shipped practically all the tobacco before the war to Germany—but after the war, the four years of blockade had just simply closed every market we had, and when it was over Pennsylvania and Kentucky had simply replaced the tobacco that we had been shipping, and then the Sumatra tobacco came on the market just at that time. So we raised a limited amount of sun tobacco. In 1887, I think it was, Mr. Charles Vogt, of Carl Vogt & Sons, a man who had used our tobacco on the table when he was a cigarmaker, came down to see if he could find anything like it, and he bought some sun-grown tobacco. Then Straiton & Storm, in their effort to find something to take the place of Sumatra tobacco, tried the sun tobacco, and they could get a small percentage of wrappers out of it, but the wrappers were heavy and it took possibly 4 or 5 pounds to wrap a thousand cigars. We had a most disastrous experience until Mr. Schroeder solved the problem with the shade.

Mr. CLARK. Is the wrapper you raise down there really any better than the heavy tobacco?

Mr. MUNROE. That is what the trade requires.

Mr. CLARK. I understand that, but does it make a better cigar?

Mr. MUNROE. The trade differentiates between the dark and light style. For my own personal use I always prefer the dark wrapper, because usually it is better sweated and it is less gummy than the light wrapper, but you can get the same grade of tobacco either light or dark; you can take your choice of wrappers. When I was a great deal younger than I am now I used to slip around the corner and light a cigar and when I got through smoking my mouth would be open on account of the dark wrapper. As a result of similar experience a good many persons have concluded that the only way to get a good clean smoke was to get a light wrapper.

Mr. CLARK. The tobacco that you raise under the shade you do not treat as before?

Mr. MUNROE. Well, we top it; the button has to come out of it. But after the button comes out we would like to keep the suckers off the top, but they have to work so very rapidly and use every means they can to harvest the crop that it comes out with the suckers.

Mr. CLARK. Are you people down there advocating a raise of the rate, or do you want to keep the rate as it is?

Mr. MUNROE. I speak only for myself, but I may say that we have started industrially, and all our money that we have planted in the business we have planted on the basis of the tariff as it exists; and all we ask is that the question be not agitated, that we be left to know where we stand.

Mr. CLARK. You can not keep the question from being agitated.

Mr. MUNROE. We do not mind mere talking, you know. [Laughter.] What I meant by agitation is coming up and doing something. That is what I mean.

Mr. CLARK. You think agitation means to cut the tariff down and then put it up?

Mr. MUNROE. Oh, no.

Mr. CLARK. What do you really want? Do you want the tariff raised or would you let it stand? I want to know what the men whom you represent want.

Mr. MUNROE. We want it to stay exactly like it is.

Mr. CLARK. And yet you are in a hole now, as it stands?

Mr. MUNROE. Oh, no. Everything in business, you know, runs by averages. You know hope was the only thing left in Pandora's box. [Laughter.]

Mr. CLARK. Yes; I know about that.

Mr. MUNROE. That beats in our hearts still, and that keeps us alive. If you were to disturb the tariff, I might not even have my side line left.

Mr. CLARK. If you have got into a hole under this bill, you are not sure you are going to get out of it?

Mr. MUNROE. Oh, yes; if you leave us like we are.

Mr. CLARK. You have not any great fear that you are going to get hurt by this committee?

Mr. MUNROE. No. But if you leave it this way, you know; if you give us what we ask for—that is, simply to be let alone, simply to let it be as it is—you will never have us here with a grievance against you or against your committee.

Mr. CLARK. You are absolutely satisfied?

Mr. MUNROE. The small growers are satisfied.

Mr. UNDERWOOD. Whom do you sell your tobacco to?

Mr. MUNROE. To the buyers. [Laughter.]

Mr. UNDERWOOD. I know; but who are the buyers? [Laughter.]

Mr. MUNROE. We forget, you know, that other people do not know what a buyer is as well as we do. The principal buyers are A. Cohen & Co., the Owl Commercial Company, J. Lichtenstein & Co., the Florida Tobacco Company, the Florida and Georgia Tobacco Company, Klein Brothers, the Hinch and O'Neil Tobacco Company, the Kraus-McFarlan Company, and Taussig & Co., and now and then we have other buyers who come down and buy a limited quantity.

Mr. UNDERWOOD. Are they manufacturers or jobbers?

Mr. MUNROE. They are jobbers. All of these people, with one or two exceptions, are the corporations that Mr. Cullman referred to as raising all but 25 per cent of the tobacco.

Mr. UNDERWOOD. They raise tobacco and sell it?

Mr. MUNROE. They raise tobacco, and in addition to that they come in and buy it from the farmers, and those farmers' packs go in and are assorted.

Mr. UNDERWOOD. Whom do these other men that you refer to now, these men that you sell to, sell that back to?

Mr. MUNROE. Well, that is a secret, you know, that they have never divulged to anybody, because if they did they would never in the world be able to sell again. [Laughter.]

Mr. UNDERWOOD. Is the consumer of this tobacco the American Tobacco Trust, or is it an independent concern?

Mr. MUNROE. It is largely independent people. To give you an idea of it, I may mention that I had a friend in the tobacco trade—Mr. D. A. Shaw, of the Florida Tobacco Company—who used to work

for the old firm of Shroeder & Bond, and he had certain sizes of tobacco in the past season, and he went to the customer and told this party, and he said, "I have certain sizes of tobacco, 12 and 14 and 15 inch wrappers, and I want to sell you some." And he said, "I do not use one single ounce of Florida tobacco." And he said, "I know; but you have a lot of little fellows on the outside that do use it." He says, "I know you do get the tobacco and buy it, for I used to work for Shroeder & Bond. I have billed it to you and shipped it to you by the bale."

Mr. UNDERWOOD. I am not interested in that at all. Will you kindly answer my question? I want to find out, if I can, where this tobacco goes to be manufactured.

Mr. MUNROE. My information is rather limited; but the United Cigar Company, which used to be the old firm of ——— & Shipley, I understand, use none at all, except simply on the cigars they have made in teaching the learners. I understand the American Cigar Company does use a certain amount, but the balance of it and the large bulk of it goes to the manufacturers of the United States. Even in the city of Tampa, where they do not manufacture a single pound of anything but imported tobacco, our tobacco is used. It goes to New York and Chicago, and some of it comes back by devious channels and back ways.

Mr. UNDERWOOD. The price of this tobacco is not regulated in any way by reason of the trust being the only consumer?

Mr. MUNROE. Absolutely none.

Mr. McFARLIN. May I make, Mr. Chairman, a correction to Mr. Underwood of a statement I made in figures?

The CHAIRMAN. Certainly; proceed.

Mr. McFARLIN. You said we received $1,000 an acre. You lost sight of the fact of a 35 per cent loss in weight.

STATEMENT OF MR. W. M. CORRY, OF QUINCY, FLA.

The CHAIRMAN. Just one moment, Mr. Corry. I want to see if Mr. Coombs is here. I would like to get these Florida men in their order.

Mr. CORRY. I am from Florida.

The CHAIRMAN. Oh, all right; go ahead. I simply want to get the Florida people together.

Mr. CORRY. I have been a resident of Florida for twenty-one years. I was sent there by Mr. Duval, of the Florida Central and Peninsular Railroad, to develop the possibilities of the tobacco industry in Florida, and in 1887, after a very careful and thorough canvass of the State, we found 362 acres of tobacco actually being cultivated in Florida. The farmers did not have the means to put up barns and erect buildings and go into the business extensively, and yet the possibilities of Florida tobacco appealed to us. So the industry was practically started in 1887, and was gradually developed until we had the McKinley tariff of $2 per pound. Afterwards it was lowered to $1.50 under the Wilson bill, and the business languished at that time.

Then the shade-tobacco industry was begun in 1896, and the Dingley tariff came back to $1.85, and that was a great encouragement to the people to develop the business, to erect shades, and to go into it

on a very large scale. The individual farmers in Florida, not having money to improve and develop their lands, could only start at first with perhaps half an acre, and then an acre, and then 2 acres; but gradually the shading of the land has developed until we have to-day over 5,000 acres of land under shade.

Now, the Department of Agriculture has aided us very materially in the development of that business. They have sent plant experts down there and people to analyze the soil. They have investigated plant diseases and insect pests, etc., and the Agricultural Department recognized the fact that if this country, the United States, could produce a type of tobacco, a type of leaf, that would compete with or compare with the imported Sumatra tobacco, an enormous amount of money could be kept in this country that otherwise went to Holland, to the city of Amsterdam. Through the aid of the Agricultural Department we have developed a type of tobacco which we think is fully equal to the imported Sumatra tobacco. The duty of $1.85 per pound stimulated the production and has encouraged the farmers to improve their lands, to build barns and put up sheds, and to go into the business very extensively.

Now, to-day we ask that the duty be permitted to remain as it is; that agitation be prevented, and under the present rate of duty we believe the business can expand still further.

Now, in answer to a question you asked, Mr. Clark, a few moments ago, twenty-five years ago Jo Daviess County, Ill., produced wrapper tobacco. Jo Daviess County was right over the line from Wisconsin, and, frankly speaking, that wrapper twenty-five years ago was just as good as any wrapper tobacco produced anywhere else in the United States. At that time Sumatra tobacco was almost unheard of. Yet to-day the tobacco grown in Jo Daviess County, Ill., is as good as it was before, but the fashion has changed, and it is not popular now as a wrapper.

Mr. CLARK. That is what I tried to get at. Out in Missouri they used to raise tobacco, and the land was so rich that it produced a heavy, thick leaf. That taste, or fashion, or whatever you choose to call it, has swept those wrapers off and substituted this thin tobacco that you speak of.

Mr. CORRY. That is it exactly. Twenty years ago a man could wear a frock coat or a cutaway coat at certain functions and be in fashion, whereas now the style is different.

Mr. CLARK. The tobacco that you raise under shade is a tobacco that is a rival to or an imitation of the Sumatra tobacco, which is imported?

Mr. CORRY. Yes, sir. It is made especially to fill that trade.

Mr. CLARK. Is it anything like the Cuban tobacco?

Mr. CORRY. Somewhat. We can grow Cuban tobacco from the seed.

Mr. CLARK. Do you raise any Cuban wrappers down there?

Mr. CORRY. No; the Cuban tobacco is grown in the open field.

Mr. CLARK. Do they grow it out in the open sun, or do they shade theirs?

Mr. CORRY. They shade theirs. Since Florida has started into the shading business the shading business has spread to Cuba and to Porto Rico.

Mr. CLARK. Do you believe they will ever get so in Florida that they can stand on their own legs in this tobacco business, or do you think that in order to perpetuate the tobacco-raising business in Florida they will have to keep up this tariff forever and for eternity?

Mr. CORRY. Yes; to keep it established.

Mr. CLARK. Do you think there ever will be a time when they can go it alone?

Mr. CORRY. If people would show their good taste and good sense to appreciate tobacco, we could get in.

Mr. CLARK. Then the only way you can do it is to keep on whipping the devil around the stump and send the product to New York and then to Chicago, and round about. That is what Mr. Munroe said, substantially.

Mr. CORRY. I can not follow all that. The idea is this, sir: We are raising leaf from the imported Sumatra seed, a type of tobacco that approximates and looks exactly like it, and is a close imitation of the imported Sumatra tobacco. The point is, our tobacco is used over the whole United States; but if a cigar manufacturer would advertise to-day publicly that he was using Florida tobacco, his customer would feel that he ought to buy his cigar a little bit cheaper, perhaps, because it does not pay the import duty.

Mr. CLARK. There is not one smoker out of a thousand who would know the difference between a genuine Sumatra wrapper and a Florida wrapper if it was given to him, is there?

Mr. CORRY. No, sir; but we think the Florida wrapper is the better.

Mr. CLARK. Where is the market for Florida wrappers?

Mr. CORRY. It is all over the United States.

Mr. CLARK. There must be some head center.

Mr. CORRY. The principal cigar-making centers are in New York and in Pennsylvania. There are also some large cigar-making centers in Ohio.

Mr. CLARK. I know; but is there not some central place that is recognized as a center of the wholesale of the tobacco?

Mr. CORRY. No, sir.

Mr. CLARK. Suppose you would openly advertise a ton of Florida tobacco, and advertise that you were going to sell 5 or 10 or 100 tons of wrappers, and at the same time advertise the same amount of Sumatra wrappers, or say 5 tons of Sumatra wrappers. In bidding on the wrappers how much more do you suppose these manufacturers would give for the Sumatra wrapper than they would give for the Florida wrapper, without any concealment about it?

Mr. CORRY. I do not know whether I can answer that question, for the simple reason that the buyer would know that the Sumatra had paid $1.85 a pound duty, and that would attach a fictitious value to the tobacco, perhaps, when it is imported. If both kinds were offered for sale publicly, which would not be likely, I think anybody would be likely to pay more for the imported.

Mr. CLARK. How much more would they pay?

Mr. CORRY. I do not know, sir. We claim that Florida tobacco is just as economical in its use and is just as desirable, and makes just as good a cigar as the imported Sumatra.

Mr. CLARK. I have no doubt about that. But what I was trying to arrive at was how much does this fad about smoking Sumatra wrappers cost you fellows?

Mr. Corry. It costs the whole United States a great deal, for the reason that thirty years ago there was practically no Sumatra wrapper imported.

Mr. Clark. If you can not go out and sell a ton of your wrapper for as much as the Sumatra wrapper, then the difference between what the Sumatra wrapper and your wrapper brings is the amount that it costs you a ton. This fad for smoking Sumatra wrappers is just like this wine drinking that we were talking about yesterday.

Mr. Corry. In this respect they have the cheap cooly labor over in Sumatra.

Mr. Clark. I know about that. I was talking about how much you lose in the transaction on account of this peculiar taste or fancy for Sumatra wrappers.

Mr. Corry. Yes, sir. That is something that the whole tobacco industry of the United States suffers from. If the general trade would just as lief have only Missouri tobacco in cigars, then the Sumatra tobacco would not be heard of.

Mr. Clark. The Missouri tobacco, for the purpose of making plug, is better than your tobacco?

Mr. Corry. Certainly.

Mr. Clark. They undertook up there, with those rich lands, to raise this White Burley tobacco, and I would just as lief chew mullein leaf as to attempt to chew that. [Laughter.] But they can not even make that as thin as you men down there can make that leaf, so they had to go out of the leaf or wrapper business.

Mr. Corry. The craze, gentlemen, to-day is for a light leaf for wrapping cigars.

Mr. Clark. With spots on it?

Mr. Corry. Yes; to a certain extent.

Mr. Clark. That is the reason why the Connecticut men went around and sprayed some kind of acid on their growing leaf tobacco. [Laughter.]

Mr. Corry. The craze for spotted tobacco is not as great now as it was, but there is a craze still for light leaf. In the type of tobacco that we have just harvested we have in the extremely fine grades not over 30 per cent of the crop.

Mr. Clark. I want to ask you a question, if you know. How much of net profit do they make on an acre of this imitation Sumatra leaf in Florida? What would you say they made, net, off of an acre of it?

Mr. Corry. It would be hard to say. Over 60 per cent of our tobacco there is owned by individual farmers, who also have their corn crop and their provision crops and other home crops. They do not differentiate just exactly how much labor went into this piece of tobacco and how much went on corn and other crops. The companies and individual concerns were incorporated to grow tobacco there, to encourage and develop the business. With hired labor it costs between 40 and 45 cents a pound to produce this tobacco and put it in the warehouse, not counting the assorting and classifying and the shrinkage.

Mr. Clark. Is that all it costs to produce it?

Mr. Corry. To gather it from the field. I am speaking simply of the cost of production, the labor and the fertilizer.

Mr. Clark. That is the whole business until you get it in the warehouse?

Mr. CORRY. No; that does not take into account the depreciation and the decay of the shades, which rot down in five years. I am simply considering it as the small farmer figures it—his labor and fertilizer and his care.

Mr. CLARK. Do they make any such profits out of tobacco in Florida as they make off of lettuce?

Mr. CORRY. I do not think so. I have heard celery and lettuce men claim $1,000 an acre.

Mr. CLARK. We have heard of men saying that at Gainesville they make enormous profit off of lettuce. If they make as much as that the whole State ought to go to raising lettuce.

Mr. CORRY. The money that has been made out of tobacco has gone back to swell the acreage. We have over 5,000 acres there to-day, with fine barns and good shade structures and good dwelling houses for the employees. A great deal of this land is irrigated, and pumping stations are established, and all the way through we have had the aid and advice and cooperation of the Agricultural Department; and to some of you gentlemen here, who are responsible for the Dingley tariff, we certainly owe a great debt of gratitude, and we believe if the present rates are maintained and no change takes place we can develop a very large business down there. We can hold a great deal of the money in this country that now goes to Holland.

The CHAIRMAN. Tobacco is a pretty good subject to get revenue from, is it not?

Mr. CORRY. I take it it is one of the best there is, except whisky.

The CHAIRMAN. There is more reason to collect revenue from tobacco than anything else except articles under the wine and liquor schedule.

Mr. CORRY. It is the most easily paid tax that there is.

The CHAIRMAN. If a man had an opportunity to buy a cigar wrapped with a Florida wrapper for 10, 15, or even 25 cents, or two cigars wrapped with a Missouri wrapper for 5 cents [laughter], and in the first case chose the 25 or 15, there must be some decided fad in that, is there not?

Mr. CORRY. Yes, sir.

The CHAIRMAN. And the only way for Missouri to do is to improve the flavor of her tobacco?

Mr. CORRY. No, sir. The only way——

The CHAIRMAN. Then they will have to be content to take a lower price?

Mr. CORRY. Yes.

The CHAIRMAN. Is there anything in the duty on foreign tobacco that at all interferes with the growing of Missouri and Florida tobacco?

Mr. CORRY. Absolutely none.

Mr. CLARK. The reason the Missouri tobacco and the Illinois tobacco can not be used as successfully for wrappers as the Florida tobacco is because the soil of Missouri and of Illinois is so rich that it produces a thick and heavy tobacco. You have to have poor land, you know, like this in Connecticut and like that down there in Florida, in order to raise this thin leaf. [Laughter.]

The CHAIRMAN. We raise pretty good tobacco in New York. Perhaps there is poor land there. [Laughter.]

Mr. CLARK. It is very poor land.

The CHAIRMAN. We raise very good tobacco in New York State.

Mr. CORRY. I have two or three leaves of the tobacco here, if you gentlemen would like to look at the kind of tobacco.

Mr. UNDERWOOD. What is the market price of tobacco in this country that competes with the Florida wrapper?

Mr. CORRY. I can not answer that, because in Florida I do not come in contact with the Sumatra selling price, but I would say that the price of Sumatra tobacco in bond would average from $1 to $1.50. Some of these gentlemen can correct me who are importers of tobacco. One behind me here says about 95 cents in bond would be the average price.

Mr. UNDERWOOD. And to that you add $1.85 and the jobber's commission?

Mr. CORRY. Yes, sir; unless the manufacturer buys it direct.

Mr. UNDERWOOD. What is the labor cost in Florida to raise a pound of tobacco?

Mr. CORRY. I can give you that exactly, because this year possibly a third of the tobacco was raised on the plantations by negro labor, who, instead of receiving a daily wage, were paid 18 cents per pound for the labor—a sort of a task. The owner furnished the land, the equipment, the shade, the barns, the fertilizer, the mules, and everything; but instead of employing labor by the day, he gives a negro family 18 cents per pound for the labor in producing an acre of tobacco, or whatever he produces.

Mr. UNDERWOOD. Does that include the labor of putting the tobacco into the barn?

Mr. CORRY. It means the setting out of the plant and taking it out, but the owner has to make the plant. All that is extra.

Mr. UNDERWOOD. Does it include the labor of hanging the tobacco up in the barn, up to taking it to the warehouse?

Mr. CORRY. Yes, sir.

Mr. UNDERWOOD. Do you know anything about the price of labor in countries where Sumatra wrappers grow?

Mr. CORRY. Only from government records and statistics. We know that the labor there is not over one-third what we pay in Florida. We pay from $22 to $24 a month for ordinary darky labor, and men, women, and children can get almost their own price. In harvest time they get $1.50 a day. The harvest of the wheat crop in the West is not nearly so much of a problem as the harvest of tobacco down in our country. It has to be done in a rush.

Mr. UNDERWOOD. It would be about 85 cents a day.

Mr. CORRY. I say about $1 a day, and this year we paid as high as $1.25 a day. In our section the lumber industries and phosphates have created a double demand for labor.

Mr. UNDERWOOD. That is not the condition in this last year? You are speaking of a time before the panic?

Mr. CORRY. In the past year, in common with every line of business, our tobacco has suffered.

Mr. UNDERWOOD. The labor advance has fallen off, too. I mean it has been much easier to get labor in the last year.

Mr. CORRY. It would be easier.

Mr. UNDERWOOD. Have you any figures yourself as to the cost of labor in the countries where Sumatra tobacco is grown?

Mr. CORRY. No; except that we all keep posted on the showings made in the consular reports and the labor rates in foreign countries.

Mr. UNDERWOOD. Can you file a statement for the record of the labor cost in Florida?

Mr. CORRY. Yes, sir; I shall be glad to.

Mr. POU. I would like to ask what the development of this growing industry in Florida in the last five or six years has been.

Mr. CORRY. It has more than doubled. We started in 1887, twenty-one years ago, with a scattering 352 acres throughout the entire State. Now we have to-day over 5,000 acres actually under shade, under this irrigated and shaded system, and several thousand acres in addition to that where tobacco is grown in the open. But the open tobacco, not shaded, is only used for filler purposes. It is a much cheaper grade. The idea of shading land is to produce ostensibly a wrapper crop. That is the only reason for shading. But in producing that wrapper crop we have fully one-third of the tobacco that falls off; it is broken or torn, or consists of ground leaves, not good for wrappers; and the other two-thirds of it remain, and nearly 50 per cent of it will be dark in color—just as good tobacco, but because it is dark in color the trade does not want it; but that brings it down to only about a third of our shade tobacco, that is, fashionable light tobacco that can compete with Sumatra. We raised about 15,000 bales of that crop of tobacco, or nearly half of the amount that is imported; but if the duty is lowered materially we can not compete with the imported article.

Mr. GAINES. Is there any great area used for growing tobacco in Florida that could go into the raising of other things?

Mr. CORRY. Yes; there is an area there, just as there is in Connecticut and Pennsylvania and other States. There are certain sections in our cigar-leaf section that are better adapted for the production of cigar tobacco than are other sections.

Mr. POU. How far is it to the town by the railroad?

Mr. CORRY. Our town is 8 miles from the Georgia line. Running up into Georgia there is a section representing the spine of the Georgia section, corresponding to the Vuelta Abajo district of Cuba.

Mr. UNDERWOOD. We have the same thing in Alabama as in Florida and Texas.

Mr. CORRY. Yes; only your development is not large enough yet to show your people what it amounts to in the way of cost.

Mr. BOUTELL. Are any of these farmers who grow this tobacco also raisers of cotton?

Mr. CORRY. Yes, sir; but tobacco has almost entirely replaced cotton where its production has been entered upon.

Mr. POU. It is a practical impossibility, almost, to raise both crops?

Mr. CORRY. Yes; but so long as a man can raise tobacco he would naturally abandon cotton. You could not pick cotton and take in the tobacco in our section because the moment you want to pick the cotton you would want to pick your tobacco.

Mr. BOUTELL. Are there many cotton farmers down there?

Mr. CORRY. Yes, sir. They raise what is known as the sea-island cotton.

Mr. BOUTELL. Do you know whether your farmers there are members of the Farmers' Union, an organization in Texas and Mississippi

formed to organize a chain of steel warehouses and control the price?

Mr. CORRY. I doubt if any of our farmers are in the Farmers' Union.

Mr. BOUTELL. You are familiar with the Farmers' Union, are you?

Mr. CORRY. Yes, sir; but it does not exist in our section.

Mr. BOUTELL. That, as I understand, is the object of it—the building of a chain of steel warehouses, and the concentration of the cotton crop, and actually dictating the price to the cotton spinner.

Mr. CORRY. Yes, sir.

Mr. BOUTELL. Is there any such association of these tobacco growers?

Mr. CORRY. Absolutely none. Our tobacco growers and buyers are absolutely independent to an extent. I am sorry to say it, that we fight each other constantly for labor, and one man will not hesitate a second to pay more than another to get a man away from him. We have competition of the keenest character in that line in our State, but there is no organization of any character except on occasion like this, when we want to be protected. [Laughter.]

Mr. BOUTELL. To go one step further, is there any organization of the leaf-tobacco buyers organized for the purpose of controlling the price and dictating the price to farmers or raisers?

Mr. CORRY. Absolutely none, sir; none.

Mr. BOUTELL. So that under our present tariff there is absolutely free and open competition with the raisers, and absolutely free and open competition with the buyers?

Mr. CORRY. Yes, sir; and I will go a step further. In the cigar-leaf production, owing to the extreme care that one farmer would take, the matter in which he handles his tobacco, it is frequently possible for one man to get 25 or 30 cents more than another for his crop, and only half a mile away a man would only be able to get 25 or 30 cents less, owing to the difference in the quality of the leaf. Outside of any agreement, the buyer will pay a higher price for the better goods.

The CHAIRMAN. Mr. Sparkman.

STATEMENT OF HON. STEPHEN M. SPARKMAN, A REPRESENTATIVE IN CONGRESS FROM FLORIDA.

Mr. SPARKMAN. Mr. Chairman and gentlemen of the committee, being neither a grower nor a manufacturer of tobacco, I shall have very little to say on the subject now before the committee. My purpose in coming here is to say that, representing a district in which more clear Habana cigars are made than in any other district of the country—indeed, one city, that of Tampa, in which more clear Habana cigars are made than any other city or place in the world—I am here for the purpose of saying that the manufacturers of my district do not desire any change whatever made in the tobacco schedule. They are perfectly satisfied with it as it is, and, speaking for myself, I can not see that there is any advantage that could accrue either to the cigar industry of the country or to the Government by a change.

We seem now to have reached a point where we obtain a very good revenue from cigars and tobacco. I understand something like $23,000.000 comes into the Treasury from those two sources alone, and the business of the country, or at least the tobacco business and the

cigar business of the country, has become adjusted to the law as it stands, and to change it would, in my opinion, work no benefit whatever to the cigar manufacturers or to the producers of tobacco, and would bring no additional revenue, as I can see, to the Government,

Mr. UNDERWOOD. You said you get $22,000,000 of revenue?

Mr. SPARKMAN. I said $23,000,000.

Mr. UNDERWOOD. You mean on imports?

Mr. SPARKMAN. Yes; imports. I am not referring now to the internal-revenue collections at all. I understand the amount of customs revenue to be about twenty-three millions per annum.

I am not going to detain the committee much longer, but while I am on my feet I would like to correct an impression sought to be made by the first speaker this morning, about the centralization of the cigar industry in the country in the hands of a few people. I have not noticed any such centralization as that myself, either in Tampa or in Key West. In Tampa we have hundreds of cigar factories, some of them owned and controlled by very small operators, people with only a few hundred, or a few thousand dollars; and when you come to consider the fact that an individual of small means can buy a bale or two of tobacco, and set up a factory, you will undersand it would be very difficult indeed to corner that particular industry. And I think the fact that we have got so many hundreds of them in Tampa—I do not recall just the number—shows there is no tendency to centralization there, whatever may be the trend in other parts of the country.

I have stated, Mr. Chairman, that we do not desire any change. The cigar manufacturers in the district which I have the honor to represent here do not desire any change from the present schedule. I can personally state that I do not think any advantage can accrue to the Government by such acti.on, and when I have said that I think I have said about all I desire to say.

I would like to add, however, that in my section of Florida there are some tobacco farms springing up. One of the speakers here this morning said there are only three or four counties in the State where tobacco is grown—all in middle Florida. It is true that it is not grown as extensively in southern Florida as it is in the middle section, but tobacco is produced in the southern end of Florida, and probably will be grown to a greater extent hereafter and in the near future. The county of Pasco, with Dade City as the county seat; the county of Hernando, Brooksville being the county seat, and the county of Polk, Bartow being the county seat—in those counties a fine grade of tobacco can be and is being produced.

I thank you, gentlemen, for this opportunity of presenting to you in a few words the views and wishes of Florida.

The CHAIRMAN. Mr. Sparkman, what would be the effect of a reduction of the tariff on tobacco of about 10 per cent a year until the ad valorem duty got down to about 30 per cent? What would be the effect of that?

Mr. SPARKMAN. Why, Mr. Chairman, I could not say myself; I am not sufficiently informed to state; but I am under the impression that it would work a great injury to the cigar industry, particularly to the clear Habana cigar industry. I think it would.

The CHAIRMAN. In regard to the growing of tobacco you are not so well informed?

Mr. SPARKMAN. I am not so well posted on that as on the other.

The CHAIRMAN. You are of the opinion that the rate on tobacco should remain as it is?

Mr. SPARKMAN. Yes, sir. I can not see any advantage to the Government by a change of duty or a uniform duty. I can see how the Habana cigar industry might after a time and considerable loss adjust itself to that condition, but it would work injuriously indeed to the interest of the growers of Sumatra tobacco in this country. A uniform duty of anything like that proposed would wipe them off the face of the earth. These are some of the reasons why the manufacturers and growers in my district do not want any change.

The CHAIRMAN. Would you advise a reduction of even 10 per cent?

Mr. SPARKMAN. No, sir; I would not.

STATEMENT OF MR. THADDEUS GRAVES, OF HATFIELD, MASS., REPRESENTING THE NEW ENGLAND TOBACCO GROWERS' ASSOCIATION.

Mr. GRAVES. Mr. Chairman and gentlemen, the New England Tobacco Growers' Association is not a new concern. For twenty-five or thirty years they have been organized, and they represent the organized body of farmers up and down the Connecticut River in the States of Vermont, New Hampshire, Massachusetts, and Connecticut. We have passed through several tariffs, several schedules, from the McKinley bill down. We first got a little better rate than we have now, but now we have a rate that, upon the whole, my constituents instruct me to say they are not desirous of changing. They present the anomalous picture of a lot of farmers who do not want anything. [Laughter.] They desire to have the tariff remain as it is. They are not reaping an unusal amount of profit, but what might be called simply a living profit, some 4 or 5 cents a pound on their tobacco. They raise their tobacco in the old way, in the open, and, without any statistics or other matter, they desire me simply to say that they are favorable to having the schedule remain as it now is.

The CHAIRMAN. Mr. Graves, what is the average price of tobacco on the farm in the last four years?

Mr. GRAVES. About 15 cents a pound in the bundle.

The CHAIRMAN. What does it cost to raise it now?

Mr. GRAVES. About 12 cents.

The CHAIRMAN. That is the same figure that was given about twenty-five years ago.

Mr. GRAVES. I guess it is not a very great deal changed. Twenty-five years ago we were without this foreign invasion that has called for the tariff. But for Sumatra tobacco, we have never been injured.

The CHAIRMAN. What is the crop per acre?

Mr. GRAVES. Fifteen hundred pounds.

Mr. UNDERWOOD. Where does your competition come from?

Mr. GRAVES. It comes from Sumatra.

Mr. UNDERWOOD. I understood you to say you did not raise a wrapper tobacco.

Mr. GRAVES. Yes, sir; we do raise a wrapper tobacco, but Sumatra wrapper is what has occasioned the call for the schedule here in the tariff.

Mr. UNDERWOOD. What is the price of labor in Connecticut on tobacco?

Mr. GRAVES. It is by the day, about $2; by the month, from $32 to $40.

Mr. UNDERWOOD. How much a pound in tobacco is labor?

Mr. GRAVES. It is about $60 an acre.

Mr. UNDERWOOD. The labor cost is about $60?

Mr. GRAVES. About $60 an acre. That yields 1,500 pounds.

Mr. UNDERWOOD. Do you know what the labor costs are abroad?

Mr. GRAVES. It is reported to be about 8 cents.

Mr. UNDERWOOD. Eight cents a pound?

Mr. GRAVES. Oh, no. The Sumatra labor is reported to be coolie labor, employed at about 8 cents a day.

Mr. GRIGGS. Can you not give us the pound rate?

Mr. GRAVES. They have about 1,000 pounds to the acre.

Mr. UNDERWOOD. You can not judge of the efficiency of that labor by the day, because the Connecticut labor in America is so much more efficient that the coolie labor that you have to reduce it to a pound rate for comparison. Can you compile and file some figures on that?

Mr. GRAVES. It is quite possible that I can, as I will be brought in contact with Sumatra men who know as much about it as anybody. They know more about buying than about raising it, however.

Mr. UNDERWOOD. Do you know what the cost is of bringing the Sumatra tobacco to this country?

Mr. GRAVES. No, sir; I am not acquainted with that feature of it.

The CHAIRMAN. You are familiar with what they charge for the tobacco when landed in New York?

Mr. GRAVES. Yes; I am familiar with that.

Mr. GRIGGS. Don't you know what it costs to grow the Sumatra tobacco leaf?

Mr. GRAVES. No, sir; I do not know that.

Mr. GRIGGS. It is very strange. I wish I knew, because they grow it in my district. I understand that you grow it in the Connecticut Valley?

Mr. GRAVES. What—Sumatra?

Mr. GRIGGS. Yes.

Mr. GRAVES. No, sir. We grow leaf, but not the Sumatra leaf.

Mr. GRIGGS. You grow wrapper in competition with the Sumatra leaf?

Mr. GRAVES. Yes; we grow wrapper leaf in competition with the Sumatra leaf.

Mr. GRIGGS. And you do not know what it costs to grow it?

Mr. GRAVES. Oh, yes.

Mr. GRIGGS. That is what we are after.

Mr. MCCALL. He testified as to what it cost him to grow it, but he said he did not know what it cost to grow it in Sumatra.

Mr. GRAVES. It costs us 12 cents a pound to grow the entire crop, of which about 10 per cent is wrapper.

Mr. GRIGGS. That is tobacco you grow in the shade?

Mr. GRAVES. No, sir. That is tobacco that grows in the open.

Mr. BOUTELL. You represent the association of all New England, not of any particular State?

Mr. GRAVES. Not of any particular section. It is the New England Tobacco Growers' Association. It includes all New England. The

tobacco is grown on the Connecticut River, which runs through four States.

Mr. BOUTELL. Your contention, then, that the tariff should remain as it is would meet with the general approval of the people of New England?

Mr. GRAVES. I think it would, undoubtedly.

Mr. BOUTELL. You think it would have the support and approval of the press and leading journals of the Connecticut Valley?

Mr. GRAVES. Undoubtedly.

Mr. CRUMPACKER. You represent the tobacco growers?

Mr. GRAVES. Yes.

Mr. CRUMPACKER. Do you know what the attitude of the manufacturers is on the present tariff?

Mr. GRAVES. Hardly; I have no connection with them whatever.

Mr. CRUMPACKER. Do you know anything about the feeling of the cigar makers and the present situation?

Mr. GRAVES. No, sir.

Mr. CRUMPACKER. You simply mean to say that the growers are satisfied with the present schedule?

Mr. GRAVES. Yes, sir. And if the manufacturers are not satisfied, they will be likely to be here and say so.

Mr. MCCALL. The soil on which you raise tobacco in Connecticut is very good soil, is it not?

Mr. GRAVES. The best in the world.

Mr. MCCALL. Then what Mr. Clark said about the soil could not have reference to Connecticut? [Laughter.]

Mr. GRAVES. Our land for tobacco-raising purposes is worth $500 an acre.

Mr. GRIGGS. Do you know what the difference in the cost is between raising tobacco under shade and raising it in the open?

Mr. GRAVES. I have never raised shade tobacco and am not very familiar with it, but it costs five or six hundred dollars an acre to erect the shade, to begin with, and the shade only lasts for a year. It must be covered again the next year, and it is a very costly enterprise. Of course I have no figures on that subject.

Mr. GRIGGS. You have nothing on that line?

Mr. GRAVES. No, sir. I have never had anything to do with that.

STATEMENT OF OWEN E. CASE, OF BARKHAMSTED, CONN., REPRESENTING THE NEW ENGLAND TOBACCO GROWERS' ASSOCIATION.

The CHAIRMAN. You also represent the New England Tobacco Growers' Association?

Mr. CASE. Yes, sir.

Mr. Chairman and gentlemen of the committee, I appear here a delegate from the New England Tobacco Growers' Association to present to you their position at the present time relative to the tariff rate on imported leaf tobacco. The rate established in the last review was determined after long and careful deliberation by the committee, and the tobacco growers of New England have endeavored to meet the situation as it has existed since the last review of the tariff.

Under these conditions the industry has been only fairly remunerative, and while we are not pleading for an increased rate, we protest

against any reduction at the present time, which we claim would be exceedingly injurious and perhaps fatal to that industry as it exists to-day. Therefore, Mr. Chairman, we hope that after careful consideration by your committee you will deem it expedient to maintain the present tariff rate which guarantees a profitable source of revenue and at the same time gives tobacco growers some degree of protection.

Thanking you for this opportunity of presenting the views of my constituency I will take no more of your time, as there are others from New England that desire to be heard at this time.

STATEMENT OF MR. JOSEPH C. MITCHELSON, OF TARIFFVILLE, CONN., REPRESENTING THE CONNECTICUT LEAF TOBACCO DEALERS' ASSOCIATION.

Mr. MITCHELSON. Gentlemen, I came here to thank you, as a citizen, for the good work the Agricultural Department has done for us. They have discovered a gold mine all over our country in the tobacco business. I am president of the Connecticut Leaf Tobacco Dealers' Association. I am president of the Connecticut Tobacco Association. I am a member of the National Leaf Tobacco Association. My life has been always in the tobacco business. As a tobacco man I am the one who discovered the idea of raising tobacco under shed, it being done by a man in Florida. I went to Mr. Schroeder, who is the largest dealer of tobacco in America, and told him what I had seen. He fell in love with the idea; he goes to northern Florida and enters the shed tobacco business. The idea was right, but he spent a million dollars before he came out successfully upon it. I watched him, and I felt that I would like to start the idea in New England. I was then living in Kansas City, Mo. I went to Secretary Wilson and told him that I wanted to start the idea in New England, and he said: "I will be pleased to have you do so." I asked him if he would send an expert up to superintend it, and he did. We did well the first year, and we continued to raise beautiful tobacco; but it did not seem to be acceptable to the trade. We were victims of circumstances; one thing and another came up, but to-day we are producing the finest tobacco in the world, and none in the world can touch us. We can do it in Texas, too, as well as in Connecticut.

We have tried Sumatra tobacco, but it did not seem to be successful in our soil. We raised beautiful tobacco, but the people did not seem to want it. We sent to Cuba and got the finest seed from the finest section, brought it to Connecticut, and planted it with the advanced Cuban ideas and the ideas from Sumatra, as well as our own ideas, and we are now selling tobacco to the largest manufacturer in Germany from this land, and tobacco that is used on the finest cigars. All we have got we owe to you, and we will thank you all if you will let us alone on the tariff question.

Mr. UNDERWOOD. What do you say it costs you to produce a pound of wrapper tobacco in Connecticut? That is what you are talking about, is it not?

Mr. MITCHELSON. Shed tobacco. Well, I should judge 60 to 70 cents a pound throughout for our crop. I will explain a little further and you may understand it a little better. On this land where our farm is a few years ago there was one man, one woman, one horse, a cow, and they could hardly get along. To-day we are em-

ploying on that same land an average of over 200 people a year on the same farm. During the month of August we paid out over $2,000 a week for wages. Some of our girls earn over $15 a week, girls 18 years of age.

Mr. UNDERWOOD. I understood Mr. Graves to state that the tobacco cost 12 cents a pound to raise and sold at 15 cents a pound.

Mr. MITCHELSON. That is outside tobacco; that is the old mode, the old way; but this is shed tobacco, raised under cloth.

Mr. UNDERWOOD. Do you say that it costs about 60 cents per pound to raise shed tobacco in Connecticut?

Mr. MITCHELSON. Yes, sir.

Mr. UNDERWOOD. What do you sell it for?

Mr. MITCHELSON. That is a hard question to answer, although I will do the best I can. We sort our grade tobacco into 100 grades and sizes for the different manufacturers in the different sections, who want different kinds. We have some grades worth four times as much in Germany as to our own manufacturers in this country, although the grades sold to manufacturers in some sections of the country who want to imitate the Sumatra wrapper or the Cuban wrapper are different.

Mr. UNDERWOOD. How many pounds to the acre do you average for this shed tobacco?

Mr. MITCHELSON. About twelve hundred pounds.

Mr. UNDERWOOD. For what do you sell an acre of tobacco, on an average?

Mr. MITCHELSON. $1.12 a pound, in 1907, on the average.

Mr. UNDERWOOD. And twelve hundred pounds to the acre?

Mr. MITCHELSON. Yes, sir.

Mr. UNDERWOOD. What did they average in 1906?

Mr. MITCHELSON. We are now just getting on our feet. We have been broke. We spent over $200,000, and were $90,000 in debt. We have paid off our debts, and last year was the first year that our association has declared a dividend. This year we feel big. We have a beautiful crop; we never had such a favorable season; our prospects are very good, and the people who have had the tobacco wanting from two to four times as much of it.

Mr. UNDERWOOD. Did you get better prices in 1906 than you did in 1907?

Mr. MITCHELSON. We didn't raise but little; we were almost broke at that time.

Mr. UNDERWOOD. What accounts for the difference in price between the shed tobacco—the wrapper tobacco in Connecticut and the wrapper tobacco in Florida and Georgia?

Mr. MITCHELSON. I think the price is about the same.

Mr. UNDERWOOD. I understood the gentleman to testify that the price in Georgia and Florida was about 80 cents to the acre?

Mr. MITCHELSON. That is what it costs to produce it—I mean, that is what they pay the farmers for it—but that has to be sorted and packed.

Mr. GRIGGS. You do not mean that it costs 80 cents a pound to grow it?

Mr. MITCHELSON. Oh, no; for the general crop through—binders and fillers.

Mr. UNDERWOOD. The Connecticut crop, the general crop, sells for about $1.12 to the acre?

Mr. MITCHELSON. After sorting and packing and delivery to the manufacturers in bales. It costs about 40 cents to put the tobacco up in bales—40 cents a pound to sort it, pack it, and bale it.

Mr. UNDERWOOD. Is that added to the $1.12?

Mr. MITCHELSON. Oh, no; that is the $1.12 net; that is what the tobacco averages.

Mr. UNDERWOOD. What do you say the price of labor is?

Mr. MITCHELSON. Our labor runs from $1.50 to $2.25 per day for farm labor. Our girls that we have during the harvest season make about $15 a week. We figure $1 a day for a good, smart, active girl. The work being on piecework, we can see how much she can do, and a girl that can not earn $1 a day we do not want; she simply takes up room. We have girls who commence early in the morning and work until late in the evening who often earn $15 a week.

Mr. UNDERWOOD. What is the price of the Sumatra tobacco that comes in competition with your tobacco?

Mr. MITCHELSON. After the duty is paid, from $3 to $4.

Mr. UNDERWOOD. Three to four dollars after the duty is paid?

Mr. MITCHELSON. Yes; according to the grades. There is a grade brought in for as low as 40 cents, and Sumatra tobacco comes in here as high as $3.

Mr. UNDERWOOD. I am talking about the same grade of tobacco as yours.

Mr. MITCHELSON. We can raise a finer wrapper than the Sumatra wrapper. We can knock them silly.

Mr. UNDERWOOD. And you say that sells for $3, and that your own sells for only $1.12?

Mr. MITCHELSON. You do not understand me. It is $1.12 through; that is, for the crop in general after it has been gotten ready for the manufacturer. Some grades sell as low as 50 cents, and some as high as $2.

Mr. UNDERWOOD. The latter is your best grade?

Mr. MITCHELSON. We had one manufacturer last year who took $20,000 worth at $2. This year he wants $40,000 worth at $2 a pound.

Mr. UNDERWOOD. I am trying to make a comparison of what you are getting and what the foreign competitors are getting.

Mr. MITCHELSON. Well, they are not competitors of ours; we are friends.

Mr. UNDERWOOD. Your high-grade tobacco sells for $2, and the highest grade of Sumatra tobacco sells for $3?

Mr. MITCHELSON. Yes; up to as high as $4.

Mr. UNDERWOOD. Three or four dollars.

Mr. MITCHELSON. Depending upon whether a man is a dealer or a manufacturer. This tobacco at $2 is sold to the dealer, and he resells to the manufacturer.

Mr. UNDERWOOD. And you do the same thing?

Mr. MITCHELSON. Oh, no; we sell direct to the dealer.

Mr. UNDERWOOD. Then you sell direct to the dealer, and he sells to the manufacturer?

Mr. MITCHELSON. Yes, sir.

Mr. UNDERWOOD. What does the manufacturer pay for the tobacco?

Mr. MITCHELSON. I do not know; but from 50 cents up, depending upon the grades.

Mr. UNDERWOOD. The highest price, I mean.

Mr. MITCHELSON. $2.50.

Mr. UNDERWOOD. What does the manufacturer pay for the highest priced Sumatra tobacco?

Mr. MITCHELSON. Perhaps $4.50 or $5.

Mr. UNDERWOOD. Where does the tariff protect when there is only $1.85 in the tariff, and the manufacturer pays from $2 to $2.50 more for the imported goods than for yours?

Mr. MITCHELSON. Where does that protect us? Because we never would have built that plant if it had not been for the tariff, and we would have to close our plant to-morrow——

Mr. UNDERWOOD. The American consumer—the manufacturer—pays a greater price now, a very much greater price than the tariff added to your goods, for the Sumatra tobacco instead of for your tobacco, does he not? If he pays $4 or $5 for the Sumatra and only pays $2 and $2.50 for yours, he pays more than with the duty added, considerably.

Mr. MITCHELSON. But you are going on grades. You take the low grade of Sumatra tobacco at 40 cents a pound. There is a good Sumatra that comes as low as that, and you add $1.85 to it and it does not bring it up to $3 or $4; but the Sumatra tobacco is popular, whereas our industry is a new thing.

Mr. UNDERWOOD. Then let me ask you this: When you come down to tobacco it is like perfumes or soap—a matter of fancy—and really your tobacco fills one field and the Sumatra tobacco fills another field, as well as the Havana wrapper fills another field, so that practically there is no competition between you?

Mr. MITCHELSON. And we can fill the whole field.

Mr. UNDERWOOD. As to the consumer who wants that particular brand.

Mr. MITCHELSON. Oh, they can not tell it. They can not tell whether it is Sumatra leaf or Cuban leaf. It can not be told by the finest judge. That seems queer, but it is a fact.

Mr. UNDERWOOD. I understand that, but a man who wants a Habana wrapper does not buy your tobacco.

Mr. MITCHELSON. Yes, he will; he is the man who is buying it and paying the extra price for it.

Mr. UNDERWOOD. Then he pays it because he does not know it.

Mr. MITCHELSON. The manufacturer pays it because he is getting a better wrapper than the Cuban wrapper, and because it has a better burning quality; it is as good a taster, only it has not the flavor.

Mr. UNDERWOOD. But the ultimate consumer does not know it, so it is a fraud on the ultimate consumer.

Mr. MITCHELSON. When he does know it, and the tobacco becomes popular, he will ask for it.

Mr. UNDERWOOD. That is, when he is educated up to it.

Mr. MITCHELSON. That is what we are going to do, as the Government has educated us up to it.

Mr. GRIGGS. That is, you are going to charge a tuition?

Mr. MITCHELSON. Oh, no; but we want to make a living out of it, increase our output and increase our country, hire more labor, im-

port more people in here, and put more to work. We want the little he is spending, instead of it going to Cuba. We want to hold that here.

Mr. GRIGGS. You are not in favor of admitting tobacco free from the Philippines?

Mr. MITCHELSON. No, sir; not by any means. They would cut our throats quicker than lightning. We would have to stop raising tobacco in New England, and our plantations would have to close down.

Mr. GRIGGS. Then they can not raise better tobacco in the Philippines?

Mr. MITCHELSON. No, sir; they can not.

Mr. GRIGGS. Not as good?

Mr. MITCHELSON. I do not think so. The gold is in our ground, and all we have to do is to bring it up. We have just started in to find it.

Mr. GRIGGS. Then you think there is better tobacco in New England than in the Philippines?

Mr. MITCHELSON. We are just getting started; we are just born, just a little child, and we want to grow.

Mr. GRIGGS. I have been here four days now, and I have seen more infants and children than I ever dreamed of.

Mr. POU. Has there been an increase in wages in this industry within the last few years?

Mr. MITCHELSON. I had been living in Missouri for the last twenty-eight years, and came back to New England about two years ago. Our tobacco industry has not improved on the old way, and our lands are not worth as much as they were years ago, even more than forty years ago.

Mr. GRIGGS. Why did you not go down to Georgia and try this, instead of going to New England?

Mr. MITCHELSON. I was born and raised in New England. I bent my finger on the hoe handle in New England.

Mr. LONGWORTH. How many acres are under this shed process?

Mr. MITCHELSON. We have on our plantation about 160 acres this year.

Mr. LONGWORTH. When you say "we," whom do you mean?

Mr. MITCHELSON. The corporation that I am president of.

Mr. LONGWORTH. You are only referring to that particular corporation?

Mr. MITCHELSON. I am also president of the Connecticut Tobacco Dealers' Association.

Mr. LONGWORTH. How many acres are there in Connecticut under shed?

Mr. MITCHELSON. I do not know; I am only speaking for our own plantation.

Mr. HILL. What is the investment of your association?

Mr. MITCHELSON. About $200,000, in money paid in.

Mr. HILL. By your particular company. What was the character of the land when you took it?

Mr. MITCHELSON. When I was a little boy there was mighty little on this land. It was considered the poorest land that we had in New England, while to-day it is the finest plantation in the world.

Mr. HILL. Pine barren, wasn't it?

Mr. MITCHELSON. Yes, sir.

Mr. HILL. You spoke about the girls employed on the plantation. Will you not please explain in regard to that, that there may be no misunderstanding. Please explain the character of work they do, and the circumstances under which they are doing it, and that it is inside work rather than outdoor work?

Mr. MITCHELSON. Our manager here, Mr. Floyd, is much more gifted, and can explain it better than I.

STATEMENT OF MR. MARCUS L. FLOYD, OF TARIFFVILLE, CONN., CHAIRMAN OF THE LEAF TOBACCO BOARD OF TRADE, CONNECTICUT VALLEY.

Mr. FLOYD. Mr. Chairman and gentlemen, it gives me great pleasure to come before you, because I do not believe it is necessary to preach to you the doctrine of protection. I think all of you, perhaps with the exception of a few, are of that faith. It affords me pleasure to come before you representing an industry that means so much to the United States as the tobacco industry. It affords me pleasure to come before you representing an interest that, if protected as you have protected it, gives us an opportunity to make good.

I have, gentlemen, very little respect for the "dog in the manger" proposition. When we ask you to protect us by a duty, it is then our duty to try to make good. I do not believe in protecting a commodity that we hinder or where we place an impediment in its way in getting to our country and giving to our people what they want, unless we try, as best we can, to produce something that will take its place.

A gentleman asked a few moments ago—the gentleman from Missouri, and I will try to show him—if we believed in taxing the whole people in the interest of the few. My answer to that is this: Ours is a great country. What makes it great is, first, essentially its agricultural resource. If there is anything that needs protection, I say it is the farmer who tills the soil. In tilling the soil there is no chance at bribery. We can not bribe the soil. You must earn what you get.

Now, then, gentlemen, to place us directly in competition with foreign countries, where labor is cheap, I say is unfair. This country is growing year by year in its greatness because of its agricultural resource. The time will come, is fast coming, when your protection system—and I want to say right here, gentlemen, I believe those that openly are opposed to protection in their hearts favor it; I believe that.

The CHAIRMAN. There does not seem to be any dissent at all. [Laughter.]

Mr. FLOYD. Well, gentlemen, I hope you will bear with me a little while. I do not want to take up much of your time.

About ten years ago I had the honor of representing the Department of Agriculture along certain lines of investigation. During our experimental work we found that it was necessary to get an appropriation from Congress to carry it on.

Mr. GRIGGS. That is always necessary.

Mr. FLOYD. Yes, sir; absolutely. A country that does things, a country that is great, is a country that spends money. Show me a

little town that is afraid of taxation, and I will show you a town with such bad streets that you will be afraid to drive over them.

Now, to get back to the proposition I was discussing, I went down to New York and called on Mr. Joseph Gilman, who was at that time president of the New York Tobacco Board of Trade, and laid a proposition before him, and at the same time I put a sample of tobacco in his hands that we had produced by a new method. I said, "If that tobacco will meet the requirements of this country, then I want you to pass a resolution in your association here recommending that the Secretary of Agriculture have funds supplied to him to carry on this investigation further." After a thorough examination of this tobacco, and taking it through the tobacco men of Water street, New York, he consented to do it. The resolution was passed. I then went to Philadelphia and called on Mr. John R. Young, who was then president of the National Leaf Tobacco Board of Trade. I made the same statement to him, offered him evidence of the progress made in our experimental work, and he also agreed. The resolution was passed by the National Leaf Tobacco Board of Trade, and those two gentlemen came in person before the Agricultural Committee and asked that committee to make such appropriation as was necessary for the Secretary of Agriculture to carry out those experiments. The rest you know.

The appropriation was made at their earnest solicitation. They went to work with this appropriation, carrying on experiments, not only experiments as to the shed proposition, but the hybridizing of plants, the saving and selecting of better type of seed, seed that would come true to the type, and all that. They spent thousands of dollars. That was due to your worthy Secretary, whom we can not praise too much. We have gone ahead, and for every thousand dollars that this Government has spent, we have put $100,000 on top of it, following the lead of the Secretary of Agriculture.

Wisely, you gentlemen, ten years ago, gave us $1.85 protection. To-day there seems to be some desire that that should be taken away. After helping us to establish, by an appropriation of the people's money, an output which is valuable to the trade, you tell me that this Congress will take our feet from under us. I do not believe it.

Mr. GRIGGS. Has not your association been afraid that you would develop too much tobacco land in this country?

Mr. FLOYD. Not at all, sir.

Mr. GRIGGS. Have you been in favor of the soil surveys all the way through?

Mr. FLOYD. Most assuredly, and I think it will reflect favorably upon the Department of Agriculture for years to come if you can make appropriations for soil surveys, and locate lands suitable for growing tobacco and farming products.

Mr. GRIGGS. It seems that it was impossible for us to give them money for the soil surveys, because they would not have it.

Mr. FLOYD. Well, it is very difficult to get all people to agree, and if it was not we would not be here; it would not be necessary for us to come here. My association asked me to come here and ask you gentlemen to stand pat. That may be slang, but that is exactly what we want you to do.

Mr. GRIGGS. My district grows a good deal of tobacco.

Mr. FLOYD. I know; I know about Georgia. I have lived down there, and I know that you can tell a Florida cracker when you see him. We have been neighbors a long time. The tobacco that you raise is just across the line from Florida, and I feel sure that you will protect us.

Mr. GRIGGS. I think your people opposed the soil surveys in my part of the country?

Mr. FLOYD. In Connecticut? I am from Connecticut now. I am hybridized. I am half Yankee and half Southerner, and I promised them when I went up there that I would make the best Yankee I knew how.

It has been suggested here, too—not positively, but intimated—that a slight reduction in the tariff would redound to the good of the consumer manufacturer. Now, gentlemen, if there is a pig-headed person on the top side of the earth, it is a tobacco importer and the tobacco dealer, and if you take off 25 or 30 per cent of the present rate of duty I do not believe his customers would get any of the benefit of it, and I can not imagine that of any other trade excepting the tobacco trade. What we ask of you is very simple, and I believe it is the easiest thing to leave us alone. We have started an industry that means so much to this country. The question has been asked here, What is the comparative value of the Sumatra as against the value of the Florida, and what is the comparative value of the Sumatra as against the shed-grown tobacco of Connecticut? That does not enter into the question, gentlemen. Do you know that people become accustomed to using something, and I imagine that each of you have a particular brand of cigar that you smoke, and it is hard to win you away from that cigar. Thirty years ago the Sumatra was introduced in this country, and you can not imagine what a hard time they had, but they had plenty of money back of it. They shipped their tobacco to different manufacturers in this country, and it was simply an excursion, for it would come back. But by continually pounding and working they introduced the foreign product into our market. Now, years went on and they gained ground. Think of it. Thirty years. Bear that in mind, for that tobacco has become such an important factor in this country that over 30,000 bales was brought here, taking many millions of dollars out to foreign countries.

Now, we have had protection about ten years, and you come and ask the question, How much longer? How long; oh, how long? You have given Sumatra thirty years. Give us thirty years. I do not say that we will need it, and I do not believe that we will need it, but let us alone now. You ask what we have gotten out of it, and I answer, the privilege of sweating blood; that is what we have done. We have invested hundreds of thousands of dollars in Connecticut, and I say to you that if you will give us a chance we will make good.

Mr. GRIGGS. Are the New England people with you on this question?

Mr. FLOYD. Most assuredly they are.

Mr. GRIGGS. The press?

Mr. FLOYD. Most assuredly.

Mr. GRIGGS. The Springfield Republican?

Mr. FLOYD. I do not happen to know as to that. I am on the Connecticut side of it, but I am laying myself liable to abuse if they are against it, yet I do not care, and I hope you do not. But there

has been an intimation here that possibly a slight reduction would be a benefit to the consumer manufacturer. Now, gentlemen, if there is any class on the top side of God's earth that I sympathize with it is the under dog in the fight, and that is the little fellow. Away back, many years ago, some one said, "The poor you have with you always." We are going to have the thriftless and the shiftless with us, no doubt, always, and it is not for those people that I plead. I plead for the man who is trying to make good, the man who is trying to have this country produce its own requirements, the man who does things. When you stop to think what this industry means to this country, the vast amount of labor that is employed, I want to tell you in connection with that that when we first went to Connecticut I could employ labor at $1 to $1.25 on our farm, but to-day our pay roll will show $1.50, $1.75, $2, and $2.50 per day. It is skilled labor. We are not in the old rut, but are trying to do things up to date; and it costs money, I can tell you. We are encouraging the farm laborer, who lives the humdrum life, to higher things, and in the South we are doing that very thing for the negro race, where they are so disposed. I do not want to make a speech in behalf of the negro, but I say that we are advancing and improving him, giving him better wages and better employment, and all of this is a benefit to this great country.

Mr. Hill. Since the tariff bill has been enacted, I see, from the report of the Commissioner of Internal Revenue, that the increased production in cigars of domestic production has been from 4,000,000,000 to 8,000,000,000, and last year there were 6,500,000 pounds of wrapper tobacco imported under the duty of $1.85. Where, in your judgment, if there was a reduction such as you speak of, of 35 cents, would the benefit of that reduction go; that is, who would get the benefit of it?

Mr. Floyd. I gave that answer, I think, a few moments ago. Owing to the bigness of heart of the leaf dealer, and to that alone—I do not believe in their claims of such big heartedness—it might go to the manufacturer, but I do not believe it.

Mr. Hill. Upon that loss of revenue of about $2,300,000 to the United States Government, would the consumer, anywhere, on any grade of cigars in the United States, get a reduced price?

Mr. Floyd. I do not believe it.

Mr. Hill. That would be about 70 cents a thousand difference?

Mr. Floyd. Yes; one-seventh of a cent apiece on the cigars—no, sir; I do not believe it.

Mr. Underwood. Do you think the importations would increase?

Mr. Floyd. Not necessarily.

Mr. Underwood. If the importations were not increased by reason of the lower duty, there would not be any more production than now.

Mr. Floyd. It would simply rob the Government, without any benefit excepting perhaps to the importer and the man who is able to go over there and buy in quantity.

Mr. Underwood. But the consumer could buy the imported cigar cheaper if the duty were reduced?

Mr. Floyd. I do not think so—70 cents a thousand on the cigars—I do not think so.

Mr. UNDERWOOD. If the duty were reduced, and there was no increase in the importations, it would not hurt the home producer. would it?

Mr. FLOYD. Yes; in this way: You agitate a law that exists, and agitation, the slightest agitation, I think any business man will agree, has its effect; any change has its effect. That does hurt, and I am opposed to agitation right now. I do not believe that the consumer, the small man, will be benefited one iota; but I believe the trade conditions will be unsettled for this reason: If there is a 35 or 25, or any percentage of reduction that you may make, then at once the manufacturer goes out to the little dealer and says, "There has been a drop in the duty, and you must sell cheaper; 70 cents a thousand. It gives me a little leeway." And you must remember that, so far as the trade is concerned, there are very few who can tell the difference in tobacco. I make the assertion that you can take some of the best tobacco men in the United States, and bring them a handful of tobacco and ask them to pass upon the value, and they will not come within 25 cents a pound of agreeing. I mean high-grade tobacco.

Mr. UNDERWOOD. I would like to throw out this suggestion to you. Some of us at this end of the committee believe in a tariff for revenue, believe that tobacco and alcohol are good subjects to raise revenue on.

Mr. FLOYD. You are right.

Mr. UNDERWOOD. And the effect of a tariff for revenue will be that we will get some exports later on. But you gentlemen appear here asking for a tariff for protection; and I would like to suggest to you that so far as we have gone there does not seem to have been given us any great amount of information with reference to the cost of production abroad as compared with the cost of production at home, and the transportation charges on these items. They have simply expressed opinions. I would like to ask, along that line, if you have data of that kind, and if you have will you not kindly file it with the committee?

Mr. FLOYD. We can do that; but at the same time it seems to me to be irrelevant. Of course, this committee is entitled to what it asks for, and if it asks for it, it will get it.

Mr. GRIGGS. Do you say that a reduction of tariff of 30 per cent on tobacco would not decrease the cost of cigars if you increased the importation 30 per cent?

Mr. FLOYD. I do not think so. It will cause us to spend more, and it will be a hardship to the dealer.

Mr. GRIGGS. That is, to increase the tax would be a hardship?

Mr. FLOYD. I say, to leave it as it is.

Mr. GRIGGS. I do not think that a decrease would bother anybody.

Mr. FLOYD. But it would take time to adjust it. Any agitation unsettles business, up or down, any change does that; but, of course, if you are going to make any change, go up, for we would rather unsettle that way.

Mr. GRIGGS. That is what I am driving at.

Mr. FLOYD. Now, you say, "For revenue only." That means to pay your debts. If this country ever needed money, it needs it now. You say, "Put it on whisky and tobacco," and I say, Amen, but give us a chance. But there is one thing that I want you to remember. The greatest thing in this country is the agricultural resource. On

that you must agree with me. If we can develop those resources, we are doing well. You will remember long years ago that our mothers wore hoop-skirts, but you could not sell hoop-skirts now, for they would not know what to do with them. Thirty years ago you could not sell a bale of Sumatra tobacco, and I want to tell you that five years ago I had a very hard time to sell a bale of Connecticut. But if you will give us time we will spread our goods just the same as the others have been spread.

Mr. GRIGGS. Now, you have built up this trade?

Mr. FLOYD. Yes; on the Connecticut leaf.

Mr. GRIGGS. The same as in Florida and south Georgia?

Mr. FLOYD. Similar to that. It is different, because it is grown in New England. The growing in Florida gives it a somewhat different taste and appearance. It has individuality. It afforded me a good deal of pleasure, and you can imagine I had yesterday, in saying to the Secretary of Agriculture that I had plucked some flowers from the tobacco plant he set out in Connecticut.

Mr. HILL. Will you not please explain to the committee the work of the girls on the farm, and the wages they get, as well as the character of work? I want to say, too, that a moment or two ago I think you made a mistake when you referred to the increase of cost, when you say that a decrease of 35 cents a pound on wrappers would only cause a reduction of 70 cents a thousand.

Mr. FLOYD. In order that you may have some comprehension of how this work is done, I will say that, as you know, in New England it is a great country for girls. They have been employed in shops, in stores, where they would draw, perhaps, four or five dollars a week. If any of you gentlemen happen to come up our way and will come out, we will show you 70 to 100 girls doing piecework, and we pay those girls 33⅓ cents for 50 layers, or three bundles for a dollar. We give a dollar for 150 layers; that is, putting leaves in 150 layers. We have girls there that earn anywhere from $10, $12, and we have had them as high as $15 a week, though that is an exception; but the average is from $9 to $10 a week. We give employment to from 50 to 75, and as high as 150 girls, at times.

Mr. Mitchelson, our president, said to you that seven years ago we bought a tract of land there upon which there was probably 10 acres of available cultivated land. We have had under cultivation 160 acres, and we give employment to 200 to 250 people. We give them good, wholesome, living wages, and they are fairly happy. And I want to tell you that a reduction in this tariff would so unsettle things that we would lose our foothold. I do not believe that you want to do that. The Department of Agriculture has started it; you made the appropriation that made the Secretary of Agriculture able to do that thing. All we ask you to do is to let us stay where we are; leave us alone. You need the money for revenue, so leave us alone where we are.

Mr. GRIGGS. Are you afraid of Philippine competition?

Mr. FLOYD. Most assuredly I am, and I will give you the reason for it—the close proximity of the Philippine Islands to the Island of Borneo and the Island of Sumatra; both of those islands are accessible. Dutch syndicates, of Holland, own and control the tobacco industry of Sumatra and Borneo. I have seen types of tobacco

from the various islands of the Philippine group, and I want to tell you that there is a close similarity.

The tobacco produced in the Philippine Islands is produced by the most crude and out-of-date methods, while the tobacco grown on the islands of Sumatra and Borneo is grown, handled, and baled with the most up-to-date methods. Taking those facts into consideration, taking the tobaccos together, you will see the similarity. There is no reason why there should not be. The altitude, the latitude, and the land is similar. Now, then, if there is free trade with the Philippine Islands, what is more natural than that the Dutch syndicates, who have their organization in Sumatra and Borneo, their superintendents, their managers, all skilled in the handling of labor, and the labor skilled in the handling of the tobacco—what would hinder them from going at once to the Philippine Islands, with such a great incentive? What would hinder them buying the most desirable of the Philippine Islands for the raising of tobacco, and taking their coolies there, their managers, all acclimated, and producing tobacco that they would bring in here? I will not make a suggestion of smuggling against the Dutch, any more than I would make such a suggestion against our American brothers, but there is an incentive. Growing the tobacco in Sumatra, and with those thousand or fifteen hundred islands of the Philippines adjacent, it would take more than our standing army to protect the islands and keep them from bringing the Sumatra tobacco over, packing it up, and sending it here as Philippine tobacco.

Mr. GRIGGS. Have you mentioned this matter to the President-elect?

Mr. FLOYD. I have not the pleasure of knowing him.

The CHAIRMAN. Suppose the amount of tobacco coming from the Philippine Islands was limited to a certain number of tons a year, would that not do away with the most serious objection that you have?

Mr. FLOYD. Mr. Chairman, if there is a limitation put there at all it seems to me that it would be very unsatisfactory to the other side and very unsatisfactory to this side.

The CHAIRMAN. I am trying to find out your opinion as to this side, not the other side.

Mr. FLOYD. I am getting to that. It will be very unsatisfactory on this side, because if I was an importer of the Philippine tobacco I could go out and work to get a trade for that tobacco, and after I had gotten a demand for it, and the Government should say to me, "You have reached a limit," then I would have spent my time in vain. If I am an importer I want to import it, and if I work to sell the tobacco I want to be able to sell my second order to a customer.

Mr. GRIGGS. You would be limited by the crop.

Mr. FLOYD. The crop only. That would be circumscribing my activities, so to speak.

Mr. GRIGGS. Let me suggest that you put the limit a little lower than the crop.

The CHAIRMAN. It has been suggested both by the raisers here and in the Philippine Islands. So far as I am concerned, my position is known, and has been for several years. I wanted to see how far you, as a Connecticut grower, objected to that. I would understand that your objection is from sympathy for the Philippine race.

Mr. FLOYD. Not at all. My sympathy first is with the American people. If you want me to express myself, I should take pleasure in doing it. I was greatly surprised when Mr. Taft came back to this country and indicated that he had formed such a love for the Filipino, "the little brown man," that he wished to bring them into direct competition with our people.

Mr. LONGWORTH. You spoke of ten to fifteen hundred islands in the Philippines. How many islands of those fifteen hundred has tobacco been raised upon?

Mr. FLOYD. I am not very sure. I have such data, and I can furnish it to the committee.

Mr. LONGWORTH. How many would you think?

Mr. FLOYD. I think perhaps three or four hundred of them. I am not sure, but I have that data.

Mr. LONGWORTH. The fact remains that only one island in the Philippines has ever raised tobacco profitably?

Mr. FLOYD. So it can be said of the United States. There are very few States making money out of it; but the possibilities are there, the old crude methods are there, and we can not compete with the foreigner. If you open up free trade with the Philippines and throw the American in competition with them, or with the Dutchman, or with any other man of that kind, then, I say, throw the door open and let it all come in. But here is the harm that can come from it: The moment that you open up free trade with the Philippines the American Tobacco Company and those large concerns will go there and build factories, employ 13-cent-a-day laborer, and send the manufactured products here. That is the danger. We are not afraid of "the little brown man" and never will be, but we are afraid of the conditions that exist there. We are afraid of the man who goes there and utilizes the little brown man. I am a protectionist and I am an American, and I believe we all feel that way. Our country first, last, and all the time.

Mr. HILL. How many acres of shed tobacco are there in Connecticut?

Mr. FLOYD. I do not think over 200.

Mr. HILL. How many have you?

Mr. FLOYD. One hundred and sixty.

Mr. HILL. Do you substantially grow the bulk of shed-grown tobacco?

Mr. FLOYD. I am not pleading for that 160 acres, but I am pleading for the possibilities of Connecticut, Florida, and Georgia, of every section that grows wrapper tobacco. It may be called selfish, and I plead guilty, but I come here to plead not only for the Connecticut tobacco corporation, but for the possibilities that lie all over the country.

Now, I want to tell you something that is inside. We have succeeded in placing our tobacco abroad, inch by inch, with this protection. Inch by inch we are getting trade with the foreign countries. Give us protection and not only will we supply them, but in the end we will give them a much better cigar, and I want to say to you that I can give you a better cigar covered with our tobacco than any Sumatra wrapper cigar you can smoke.

The CHAIRMAN. We will have to take your word for that.

Mr. FLOYD. No, sir; we will send it to you if you will take it.

Now, in closing, I want to ask you in behalf of the people in Connecticut, on behalf of the agriculturists of Connecticut, to leave the tariff on tobacco where it is.

Mr. GRIGGS. Why not include the people of south Georgia and Florida?

Mr. FLOYD. I certainly do include them, with all my heart, sir. I thank you.

STATEMENT OF MR. JOHN W. YERKES, OF WASHINGTON, D. C., REPRESENTING THE INDEPENDENT TOBACCO MANUFACTURERS' ASSOCIATION.

Mr. Chairman and gentlemen of the committee: At the present time the tariff due on licorice extract, or paste rolls, is 4½ cents per pound. There are two classes of this, as I understand it, called Greek licorice paste, and Spanish. Comparatively little of the first is imported, and not very much of the Spanish. Until some six or seven years ago the great majority of this licorice that is used both in the manufacture of smoking tobacco and of plug tobacco was made in this country, there being no duty upon the licorice root that is imported and made up in this country by some five or six different plants—one at Philadelphia, one at New York, one in Providence, R. I., and one in Stamford, Conn. At that time, however, the majority of the stock of a number of these corporations was secured by the American Tobacco Company, or the Continental Tobacco Company, a branch of it, and arrangements made under which there was virtually a division made of the country, all of the tobacco manufactories in one section being made to purchase from one plant and another section from another plant, and the prices fixed. Suits were brought by the Government against MacAndrews & Forbes and others, and the combination was virtually declared a trust.

Before the organization of this so-called trust the American tobacco manufacturers paid about 7½ cents per pound for their licorice paste. After that the price was raised to 9½ to 10 cents a pound. Since the decisions of the federal courts in this suit, the price has dropped to 9 cents, or if the American tobacco manufacturers will make ten-year contracts they can now get it on such contracts at 8 cents. During the time that this trust was an organization it was difficult sometimes for the Independent Tobacco Manufacturers' Association, which I represent, to secure this licorice paste. Sometimes they were required to make contracts that were thoroughly in favor of the manufacturers and against their interests. Now, I am informed by them that they do not expect perhaps a reduction of price of this licorice paste if the tariff upon it, 4½ cents a pound, is removed, excepting to a very small degree. They tell me that in the proof taken in this case in the federal courts that I have referred to that it was very clearly shown that probably a very fair price of cost of manufacture of their paste was 5½ cents in this country, but what they do want is to buy from some other sources rather than limit it to this country as at present organized, and they believe that if this tariff on it is absolutely stricken off that it will give them an opportunity of competition and to buy from foreign producers, who can then come

into this country with this product. It will reduce perhaps the price to some extent, but not to a very large extent, but the idea that we specially have is that we want to get the opportunity of buying foreign licorice paste, which can not be done as long as the duty is upon it; and they believe it will assist the manufacturers.

The CHAIRMAN. The root is on the free list?

Mr. YERKES. Yes, sir.

The CHAIRMAN. And the extract, pastes, and other forms 4½ cents per pound duty. Is any of the root manufactured into extract in this country?

Mr. YERKES. Oh, yes; that is exactly what is done.

The CHAIRMAN. All manufactured here, principally?

Mr. YERKES. Manufactured here, principally. I understand there is very little of what is called the Spanish licorice paste imported. There is some of the Spanish, but very little of the Greek. The root is imported into this country and manufactured into paste here, and on account of the difficulty of purchasing when this was in the trust that I have referred to, two independent manufacturers began the business of importing the root to make the paste at their own plants for themselves.

The CHAIRMAN. You want the duty lowered on the manufactured product?

Mr. YERKES. Yes, sir.

The CHAIRMAN. How much?

Mr. YERKES. They would like to have it removed altogether on the manufactured product.

The CHAIRMAN. They do not propose any reduction on tobacco, do they?

Mr. YERKES. I am representing the manufacturers. They are not here to ask for any change in that scale at all.

The CHAIRMAN. Have you contemplated what the effect would be on this independent manufacture of licorice that you spoke of if we lowered the duty?

Mr. YERKES. They are perfectly willing to stand it. These two establishments that I speak of, the two independent tobacco manufacturers who are compelled by reason of existing conditions to produce the licorice paste that was used at their own plants, are willing, as I understand it, to have this removed. They do not sell it to any purchaser; they simply manufacture for their own use, and were forced to do it.

The CHAIRMAN. Do you know how many people are employed in making it?

Mr. YERKES. No, sir; I think there are now four or five plants in operation in this country.

The CHAIRMAN. Have you any idea what the difference in cost is in production here and abroad?

Mr. YERKES. I did not hear of the matter until an hour or two ago, and have not had the opportunity even to find out the revenue derived by the importation. But my understanding is that the tobacco people use about 95 per cent of this licorice paste, and that there is comparatively a small amount of it imported.

The CHAIRMAN. It seems to be used principally in the manufacture of plug tobacco?

Mr. YERKES. Plug tobacco, and some smoking.

The CHAIRMAN. The ad valorem equivalent of the duty is about 40 per cent?

Mr. YERKES. Yes, sir.

Mr. UNDERWOOD. The present duty is prohibitive, in fact?

Mr. YERKES. I presume it is.

Mr. GRIGGS. Who has asked for the reduction?

Mr. YERKES. The association that is termed "The Independent Tobacco Manufacturers' Association."

Mr. GRIGGS. That is, the tobacco men are asking it.

Mr. YERKES. The tobacco manufacturers, the independents.

Mr. GRIGGS. That it be put on the free list?

Mr. YERKES. Yes, sir; they want it on the free list.

Mr. GRIGGS. I am willing.

Mr. YERKES. Thank you.

Mr. HILL. As a matter of fact, four or five years ago there were several independent manufacturers of licorice paste manufacturing it from the free root brought in?

Mr. YERKES. Five of them.

Mr. HILL. Isn't it also true that those concerns have been bought up and absorbed by the American Tobacco Company?

Mr. YERKES. I believe they absorbed a large percentage of the capital stock, both preferred and common being held by the American Tobacco Company through the Continental Company, and they have leases made of some others.

Mr. HILL. Was not the price largely increased when that absorption took place?

Mr. YERKES. The price increased from about 7½ cents to 9½ or 10 cents.

Mr. HILL. As a matter of fact, is not the independent manufacturer to-day absolutely dependent upon the American Tobacco Company for licorice paste?

Mr. YERKES. He is, unless he establishes a little plant for his own personal use.

Mr. HILL. Is not that the reason that you ask that the duty be taken off, to give foreign competition upon an article produced by a trust in this country?

Mr. YERKES. That is the reason that the American tobacco manufacturers asked me to make this request.

Mr. UNDERWOOD. From a revenue standpoint, is it not possible to place a tariff on this licorice that will produce some revenue?

Mr. YERKES. I presume perhaps you could. As I say, Mr. Underwood, I was only notified about this an hour ago, and I have had no opportunity to find out how much of the root is imported, and how much licorice paste is imported, duty paid, but I understand it is a very small amount.

The CHAIRMAN. I would like some information as to the cost of these extracts in this country and abroad.

Mr. YERKES. We will attempt to get it and file it with you. The matter only came up this morning.

Mr. UNDERWOOD. At the same time, will you file a statement as to the revenue position; as to what point, in your judgment, the lowest revenue will be produced?

Mr. YERKES. Either by the tariff upon the root or the manufactured product?

Mr. UNDERWOOD. I understand the root comes in free.

Mr. YERKES. There is no duty on the root. You want to know which would produce the more revenue?

Mr. GRIGGS. He wants to know what would be the revenue, either on the root or the manufactured product, if you can get that information.

Mr. POU. Will you please furnish the committee with the cost abroad and the cost here?

Mr. YERKES. We will attempt to secure that.

Mr. HILL. This root is a wild product; it is not a cultivated product abroad, is it?

Mr. YERKES. Absolutely wild; it is very cheap.

The CHAIRMAN. It requires three or four years to raise it.

Mr. CRUMPACKER. Whatever the present rate is, it is practically prohibitive, is it not?

Mr. YERKES. I think so, because it is not imported on account of the price.

Mr. CRUMPACKER. And the price has gone up materially, and still it is not imported?

Mr. YERKES. Not to any large extent.

There is another point that I want to call attention to, but I do not want to make any argument upon it, and that is in reference to page 68 of the law with regard to what should be placed inside the packages of manufactured tobacco. It was presented at the last hearing under section 10.

The CHAIRMAN. That was the coupon business?

Mr. YERKES. Yes. You can consider the argument made heretofore.

The CHAIRMAN. To the members who have not heard it, I commend it to their consideration.

(Thereupon, at 12.35 p. m., the committee adjourned until 9.30 a. m. Monday, November 16, 1908.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES,

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COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

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SAMUEL W. McCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
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JAMES M. GRIGGS.
EDWARD W. POU.
CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Monday, November 16, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. The hearings this morning are upon the sugar schedule, and we will hear Mr. Colcock first.

STATEMENT OF MR. D. D. COLCOCK, OF NEW ORLEANS, LA.

Mr. COLCOCK. Mr. Chairman and gentlemen of the committee: We learned through the press dispatches that it was the desire of this committee to hear only one man for each industry, if it were possible to do so. For that reason I have been sent here as the spokesman for the cane sugar industry of Louisiana. We were also informed that your chairman had said that this hearing was to "cover the entire sugar question."

Both of these facts became known to me only on the 9th instant, and found me, as secretary of our sugar exchange, quite busy, as we are now at the height of our selling season. If, therefore, I prove a poor representative, I hope you will set it down rather to my being suddenly called on, than to my inability to come up to your requirements, for I know of no man who can "cover the entire sugar question" without special preparation. As nearly as I can approximate, five separate questions are involved:

1. The schedule proper;
2. The administration section of the law;
3. The propriety of maximum and minimum rates of duty in this particular schedule;
4. The reciprocity concession to Cuba; and
5. The recommendation of ex-Secretary Taft as to Philippine concessions.

Schedule E of the tariff law of July 24, 1897, in the framing of which I had my full share, was satisfactory to the consumer as well as to the producer, to the importer, and to the refiner; and was practically what this committee sent over to the Senate just after the extra session was convened. We had been living from 1883 to 1890 under a higher rate of duty, but the bounties given on beet sugar exported from the European continental states offset the difference, and the countervailing duties provided for in section 5 stopped that drain. The duty was specific, the polariscope test effectual, and the extension of the reciprocity agreement with the Hawaiian Islands only affected about 180,000 tons of sugar, which we were assured was the maximum possible production for export. The conditions at that time were satisfactory and would be now, but modifications have

been effected without the enactment of a general tariff law. The Hawaiian Islands having lost their independence, became the beneficiaries of the law equally with ourselves, and, wonderful to relate, have doubled and more than doubled their shipments to the mainland. Then, as a result of the Spanish war, Porto Rico came into our arms; her sugar no longer paid duty, and her export to the United States has been multiplied by five. Another result was our getting so mixed up with an Asiatic archipelago that her product was granted a reduction of 25 per cent of the Dingley rate—but that is another story.

Of our increased consumption of 600,000 tons, 370,000 have been therefore duty free. As if the schedule had not been sufficiently defaced, in 1903 Cuba got her 20 per cent off, practically an admission of 340,000 tons duty free. It is fair, therefore, to say that our entire increase of consumption has been of free sugar. The world's production has more than kept pace in the interval with the increased consumption, and the natural consequence has been a lower range of values.

Col. James D. Hill, told you in 1902 that it cost the Louisiana planter 3½ cents per pound to produce 96-test sugar. To-day it is quoted 3⅝ cents on the New Orleans market.

Let us now pass to the second question, the administrative section of the law. On June 7, 1897, at this committee's instance, the House passed H. R. 379, fixing 92 per cent of the rate of duty on sugar as the basis for reciprocity conventions—that is, a concession of 8 per cent should be made; eventually this section lumped up all the reciprocity articles making a maximum of 20 per cent; in 1903 the maximum (20 per cent) was granted Cuba up to December 27, 1908. We had defeated Cuban reciprocity the year before, but became reconciled to it because the treaty stipulated that no foreign sugar should be imported which paid less than the full Dingley rates during the life of the treaty. We now hear that some of our Cuban friends are asking for a larger concession, which would require a change in the administrative section of the law. We would much prefer that the treaty be abrogated.

Reciprocity has somehow become a fad with tariff revisionists. To make a way for it we hear of propositions to establish maximum and minimum rates, which bring us to question 3.

I fail to find sugar accepted by the European continental states as an article which lends itself to such a purpose. Under the Brussels Convention a surtax was placed on sugar and the duty so increased effectually bars sugar out. Why, then, should this article be made the basis for reciprocity agreements in the United States? I don't know enough about it to argue the case, but until it be settled I don't see how you can expect to consider the question of establishing anything but the present rate as the minimum and adding thereto such an increment as shall make it an object for other countries to offer us freer entry of our products into their territory; otherwise we shall resist any provision of the sort.

Question 4, as to reciprocity with Cuba, comes next: The time limit expires December 27. What you will recommend we do not know, but we do know that the Cuban is not the chief beneficiary of the concession; that the greater part of it is absorbed by the importer. That this was never contemplated by you in 1903 goes without saying.

Now, as to question 5: In view of the very recent election we have held for a successor to Mr. Roosevelt and its result, I feel that I must touch very lightly upon anything concerning the Philippine proposition. It is now "In gremio legis" (on the lap of the law), and is very apt to be held there for some time to come. Who is going to get the award admits of reasonable doubt. All I can, therefore, say is that we are just as dead set against it now as we ever have been.

It was my very good fortune to be here in Washington on the 13th, 14th, and 15th of May, 1908. The President received the governors of the States and Territories, including Alaska, Porto Rico, and Hawaii, and they in turn adopted the following "declaration of principles," to wit:

We, the governors of the States and Territories of the United States of America, in conference assembled, do hereby declare the conviction that the great prosperity of our country rests upon the abundant resources of the land chosen by our forefathers for their homes, and where they laid the foundation of this great nation.

We look upon these resources as a heritage to be made use of in establishing and promoting the comfort, prosperity, and happiness of the American people, but not to be wasted, deteriorated, or needlessly destroyed.

We declare our firm conviction that this conservation of our natural resources is a subject of transcendent importance, which should engage unremittingly the attention of the nation, the States, and the people in earnest cooperation. These natural resources include the land on which we live and which yields our food; the living waters which fertilize the soil, supply power, and form great avenues of commerce; the forests which yield the material for our homes, prevent erosion of the soil, and conserve the navigation and other uses of the streams, and the minerals which form the basis of our industrial life and supply us with heat, light, and power.

I quote from the Republican campaign text-book, 1908, pages 423, 424.

No mention is made of the governor of the Philippines, nor is the archipelago included in the Territories enumerated.

As I have now set forth our attitude on the sugar tariff question to the best of my ability I will not further claim your attention.

The CHAIRMAN. I hope that you may understand exactly what the chairman has had in mind with respect to the hearings upon your industry. I refer to reports to the effect that but one person would be heard upon each industry. The idea was that where a number of persons were together advocating the same phase of an industry, if they could put it all into one brief or have one spokesman there would be a saving of the time of the committee, and it would allow him to present the matter more thoroughly than to have each one go over it. But no attempt was made to limit the time that any person might be heard. I make this suggestion for the benefit and consideration of those who desire to appear before the committee.

And in that connection also, and not in connection with what you have said, Mr. Colcock, I want to say, and I would like to have the press send this out if they deem it of sufficient importance, that the committee will welcome any persons with knowledge and information upon this subject who desire to present any phase of it, and in saying that, I have reference not only to the subject of sugar, but the entire schedule, whether in advocacy of a lower rate of duty or with respect to free trade on some articles, and also with reference to the present duty and increases in duty. We want a full

hearing. We want all the facts before the committee in order that the committee may act intelligently and fairly upon the questions. I say this at this time and through the press, because I see that some people are already criticising the committee and prophesying as to the action of the committee.

Mr. BOUTELL. Upon that point, and in order that it may be given out through the press at the same time, I think it should be stated that this committee will be glad to hear all who have any suggestions to make, whether they represent a special industry or not.

The CHAIRMAN. Certainly; any citizen of the United States who desires to be heard. The doors are open, the hearings are public, and our action will be known to the public. We propose to stand upon the facts that are brought out before the committee.

Now, you make a statement in your brief, Mr. Colcock, that Colonel Hill stated to you in 1902 that it cost the Louisiana planter 3¼ cents per pound to produce 96 test sugar. What is the cost to-day? Is there any difference?

Mr. COLCOCK. No, sir; I do not think there is any difference. We may have effected some economics in labor, in the number of men required to handle the cane in the sugarhouses, but we have not effected any great economies, because we have to pay higher wages and a higher price per ton of cane purchased.

The CHAIRMAN. Has there been any improvement in the methods since 1902?

Mr. COLCOCK. The sugar industry of Louisiana is on as high a level as any in the world. We have as good sugarhouses as any country in the world. In fact, our experimental station teaches other nations how to make sugar.

Mr. UNDERWOOD. How many degrees of polarization does the No. 16 Dutch standard come to?

Mr. COLCOCK. It is entirely a matter of color. The Dutch standard runs from low, dirty black sugar up to white sugar, No. 20 being white sugar. No. 16 Dutch standard is generally sugar polarizing 96 to 98½. The color of the sugar does not indicate the polarization at all. I showed in the hearings of 1887 a sugar which contained 15 per cent of foreign substances, water and other things, but yet was white, and it polarized 83 or 84. The polarization has nothing to do with the color.

Mr. UNDERWOOD. The present law provides that there shall be an additional tax of 1.95 cents per pound on all sugar brought into this country above the No. 16 Dutch standard, or refined sugar. Now, where do you refine refined sugar?

Mr. COLCOCK. Refined sugar is simply a raw sugar which has been passed over boneblack, which takes out all of the coloring matter, and at the same time filters out all of the foreign matter in the sugar. The real color of sugar is white, but there is a pellicle of molasses which adheres to the crystals and gives it a dark color. If you will take a small quantity of brown sugar and soak it a little while, and then put into a handkerchief, you will find that it has turned white. All that the refiner does is to remove molasses and with it the color.

Mr. UNDERWOOD. You represent the Louisiana sugar interests?

Mr. COLCOCK. Pretty much the whole interest.

Mr. UNDERWOOD. Do you represent any refining interests?

Mr. COLCOCK. The refiners are members of our exchange, and buy from 70 to 85 per cent of the crop.

Mr. UNDERWOOD. Who is the principal purchaser of the Louisiana sugar crop?

Mr. COLCOCK. The American Sugar Refining Company.

Mr. UNDERWOOD. That has practically a monopoly in this country on the business of refining sugar, has it not?

Mr. COLCOCK. I would not say that, because there are so-called independent refiners.

Mr. UNDERWOOD. How much of the sugar refined in this country is refined by the American Sugar Refining Company?

Mr. COLCOCK. I should say, roughly, about 60 per cent.

Mr. UNDERWOOD. And is there 40 per cent refined by the individual refiners?

Mr. COLCOCK. Sugar that goes into direct consumption, and is refined by persons who are not identified with the American Sugar Refinery—about 40 per cent.

Mr. UNDERWOOD. Does that include the beet sugar interests?

Mr. COLCOCK. Including the beet sugar interest.

Mr. UNDERWOOD. As to the cane sugar, what percentage of it is refined in this country by the American sugar refineries?

Mr. COLCOCK. Native product?

Mr. UNDERWOOD. Yes.

Mr. COLCOCK. At present we are making, I should say, about 70 per cent of the crop into 96 sugar, fit only for refining, not fit to eat.

Mr. UNDERWOOD. But I did not ask that. I asked how much of the refined cane sugar in this country is refined by the American Sugar Refining Company?

Mr. COLCOCK. I could not discriminate between cane and other sugars. Nearly all of our receipts in the United States are cane sugar. We do not import much beet sugar.

Mr. UNDERWOOD. Isn't it a fact that the sugar raised in Louisiana, the cane sugar, is practically all refined by the American Sugar Refining Company?

Mr. COLCOCK. Not all of it. The trade takes plantation sugar over 16 Dutch standard for direct consumption.

Mr. UNDERWOOD. I am talking about what is refined, not what the trade takes in brown sugar, or sugar of the Dutch standard. I am referring to sugar that is actually refined. Does not the American Sugar Refining Company practically consume or refine all of the cane sugar that is refined in this country?

Mr. COLCOCK. The cane sugar produced in Louisiana?

Mr. UNDERWOOD. Yes.

Mr. COLCOCK. That is a question. There is only one other refinery who buys that sugar, and that is the so-called "Henderson Sugar Refinery," and the proportion of their purchases to that of the American Sugar Refining Company is about one to eight.

Mr. UNDERWOOD. In other words, the American Sugar Refining Company refined about 90 per cent of it?

Mr. COLCOCK. Of what goes into the pot—is melted.

Mr. UNDERWOOD. Is not the value of the cane sugar in Louisiana, the price of it for refining purposes, practically fixed by the American Sugar Refining Company and not by the markets of the world?

Mr. COLCOCK. I should say absolutely; not practically, but absolutely.

Mr. UNDERWOOD. Absolutely fixed by the American Sugar Refining Company?

Mr. COLCOCK. Absolutely.

Mr. UNDERWOOD. Therefore isn't it a fact that last year the Louisiana sugar producer sold his sugar to the American Sugar Refining Company at a price largely below the world's price, with the tariff duties added?

Mr. COLCOCK. Not only last year, but to-day.

Mr. UNDERWOOD. Please state to the committee how much the difference was between what you sold your sugar to the American Sugar Refining Company for and the world's price, with the duty added.

Mr. COLCOCK. In Hamburg, on Thursday of last week, the quotation for sugar was 4.16 cents. The New York quotation on our board for 96 test sugar was 3.94 cents. The price paid by the American Sugar Refining Company for very nearly all of the sugar offered that day on the basis of 96 test was 3.62½ cents.

Mr. UNDERWOOD. Then the Louisiana sugar planter and producer, by reason of the sugar trust being the largest purchaser in the American market, does not receive the full benefit of the tariff under the Dingley law?

Mr. COLCOCK. By no means. I have explained how much we get of it. The Dingley rate is $1.68½, but owing to this concession to Cuba of 34 points we have to sell on the basis of what the American refiner and the refiners in general—I do not speak of the American Sugar Refining Company alone, but all of the American refiners pay the same price—practically, for the sugars, based upon the Cuban value. Porto Rico, for instance, sends her sugar in free. She does not get $1.68½ protection, but she gets about $1.34, probably a little more. But the whole rake-off does not end. They rake off three-sixteenths to five-sixteenths of a cent more, on the ground that they have to transport the sugar to New York and melt it there; so the price they pay us is three-sixteenths of a cent, on the average, under the Cuban price. Last year, owing to the panic, they increased that rake-off. This year they have increased the rake-off again.

Mr. UNDERWOOD. And the cane sugar producer of this country is absolutely in his hands and dependent upon them to fix the price for the market.

Mr. COLCOCK. They are the best buyers that we have.

Mr. UNDERWOOD. And you could not sell the product unless you sold to them?

Mr. COLCOCK. That I am not prepared to say.

Mr. UNDERWOOD. Is not there very little refined sugar imported into this country in comparison with the sugar below the 16 Dutch standard or molasses?

Mr. COLCOCK. There would be no reason to import it, and lose money on it.

Mr. UNDERWOOD. Are the importations of refined sugar very small?

Mr. COLCOCK. Very small.

Mr. UNDERWOOD. But the principal importations are below the 16 Dutch standard and molasses?

Mr. COLCOCK. Yes.

Mr. UNDERWOOD. And when they are imported, as a practical proposition, the refiners in this country get the entire tax of the 1 per cent additional tax above the 16 Dutch standard?

Mr. COLCOCK. There is no 1 per cent upon that. The differential for refining purposes is between 1.95 cents, the duty on refined, and 1.68½ cents, the duty on 96° raw sugar.

Mr. UNDERWOOD. Now, I would like to have you explain that. As I understand the law, it is this: That up to a polarization of 75, or below, or anywheres up to that point, the tax is 0.95 of 1 per cent, and on each additional degree of polarization there is three and one-half thousandths of 1 per cent added?

Mr. COLCOCK. That is correct.

Mr. UNDERWOOD. But when you get to the 16 Dutch standard of refined sugar, there is an additional tax of 1.95 cents added?

Mr. COLCOCK. Not an addition of 1.95, but an additional tax of the difference between 1.68½ and 1.95, say 0.26½.

Mr. UNDERWOOD. I wish you would explain that.

Mr. COLCOCK. That question was pretty well thrashed out, Mr. Underwood, when it was up before, because hardly anybody was willing to agree with anybody else as to what the difference was, yet it was the simplest thing in the world. I never could see what the difficulty was in understanding it. I buy 100 pounds of sugar and pay 1.68½ cents duty on each pound of raw sugar. I make it into refined sugar. I do not make it into 100 pounds of refined sugar——

Mr. CLARK. How many pounds do you make it into?

Mr. COLCOCK. The refiner, I think, says 94½ pounds from 96° cane sugar, but the beet-sugar people 88 pounds from 96° beet sugar, because the beet sugar is more refractory; they do not get as much. But as to cane sugar, I think the refiner will admit 94½ pounds. Therefore you can see from this difference between 1.68½ cents and 1.95 cents the refiner has to deduct this 5½ pounds of sugar that he loses in the process of refining, which would leave him practically about one-eighth of 1 cent a pound as his protection against the foreign refiner.

Mr. MCCALL. You deduct the duty on this 5½ pounds of raw sugar, is that it, in arriving at the one-eighth of a cent a pound? This seems to be very complicated, and I do not understand it. You pay 1.68½ cents a pound to get the 100 pounds in, and then you make, as I understand it, 94½ pounds from that, and you deduct the duty on 5½ pounds?

Mr. COLCOCK. No, sir; the difference between 1.68½ and 1.95 is 0.26½ cent; 0.14 cent of that is lost in refining.

Mr. MCCALL. That is, you count in the value of the raw material and not merely the amount of duty paid on the 5½ pounds?

Mr. COLCOCK. I am talking about the differential and the protection the refiner gets. The differential is, as I stated, the difference between the figures of 1.68½ and 1.95, but the refiner loses in the process of refining 0.14 cent's worth of sugar; consequently he is protected 12½ cents on the hundred pounds, or one-eighth of a cent a pound protection.

Mr. UNDERWOOD. Now, I want to ask you this: If we increase the duty on raw sugar, or sugar below the 16 Dutch standard, and repeal

the duty on the differential, would not that largely increase the revenues of the Government?

Mr. COLCOCK. I do not see how. I do not see where you get any idea from that you would do so.

Mr. UNDERWOOD. Is not most of the duty that is collected now collected on raw sugar, or molasses, that is below the 16 Dutch standard?

Mr. COLCOCK. As I have just told you, practically all of it.

Mr. UNDERWOOD. Then if we increased the amount of duty on sugar below the 16 Dutch standard and repealed the differential, would not that secure a greater revenue for the Government than we get now?

Mr. COLCOCK. I think you would put the American sugar refiner out of commission.

Mr. UNDERWOOD. That is not my question.

Mr. COLCOCK. Please let me answer the question in my own way.

Mr. UNDERWOOD. I want to ask if we would not obtain more revenue. Please answer that question first.

Mr. COLCOCK. I have my doubts.

Mr. UNDERWOOD. If the duty on raw sugar was increased, you have got to import the amount of sugar——

Mr. COLCOCK. No; we have not. You may perhaps check consumption by raising the duty.

Mr. UNDERWOOD. The amount of sugar that is produced in this country is only about one-third of the consumption of the country, isn't it?

Mr. COLCOCK. I do not know what you mean by "produced in this country." Adding up Porto Rico, 205,000 tons, Hawaii, 450,000 tons, which would be about 650,000 tons——

Mr. UNDERWOOD. Is not the production of cane sugar in Louisiana about 335,000 tons?

Mr. COLCOCK. In good years; yes, sir.

Mr. UNDERWOOD. And is not the production of beet sugar in this country about 440.000 tons?

Mr. COLCOCK. Correct.

Mr. UNDERWOOD. Making a total production in the United States of about 775,000 tons, is it not?

Mr. COLCOCK. Porto Rico and Hawaii are Territories now. Just exactly what do you mean by the United States?

Mr. UNDERWOOD. What do you add for Porto Rico?

Mr. COLCOCK. Two hundred and five thousand tons, this year.

Mr. UNDERWOOD. And what do you add for Hawaii?

Mr. COLCOCK. Four hundred and fifty thousand tons, as nearly as I know.

Mr. UNDERWOOD. Well, the total consumption in the United States is about 3,000,000 tons, is it not?

Mr. COLCOCK. That is correct.

Mr. UNDERWOOD. Then, under those figures, the importations coming into the United States are about equal to the home production?

Mr. COLCOCK. It is about 400.000 tons more.

Mr. UNDERWOOD. Do you mean that the importations are 400,000 tons?

Mr. COLCOCK. According to those figures you have there, they will total up thirteen hundred thousand tons, will they not?

Mr. UNDERWOOD. Fourteen hundred and forty.

Mr. COLCOCK. Well, 1,440,000 tons from 3,000,000 tons would leave you 1,560,000 tons.

Mr. UNDERWOOD. In other words, the production under the United States flag, as you may call it, is about equal to the importations from foreign countries?

Mr. COLCOCK. On the basis upon which you figure, yes.

Mr. UNDERWOOD. As we can not produce as much raw sugar in this country as we consume, we would have to bring in that additional amount, and if we increase the tax on raw sugar we would increase the revenue, would we not?

Mr. COLCOCK. Mr. Underwood, you can not take one element of a problem and solve the problem in mathematics; you have got to have more than one element. And it is the same way here. You may check the consumption of any article by raising the duty. You are assuming that the consumption will not be checked by the increase in duty.

Mr. UNDERWOOD. But I asked you a double question. I did not assume that the consumption would not be checked by an increase of duty, but assuming that we repeal the tax on refined sugar, the differential, and add the amount of the differential to the raw sugar, making the tax to the people exactly the same as it is now, and placing it in a different place, I ask you, if we did that, if we wiped out the differential that goes to the American Sugar Refining Company entirely, and placed it on raw sugar, if we would not increase the revenue of the Government?

Mr. COLCOCK. I have my doubts.

Mr. UNDERWOOD. Why should we not increase it?

Mr. COLCOCK. It might result in the annihilation of the American sugar-refining industry altogether, and then we would be at the mercy of the foreign refiner to charge whatever price he fixed.

Mr. UNDERWOOD. Now, let me ask some questions along that line. The principal refiner of cane sugar in this country is the American Sugar Refining Company. How much capitalization has it?

Mr. COLCOCK. I do not know.

Mr. UNDERWOOD. Do you know what the capitalization of the competitors is in foreign countries?

Mr. COLCOCK. I do not.

Mr. UNDERWOOD. Do you know the cost of refining in this country as compared with refining in foreign countries?

Mr. COLCOCK. I do not.

Mr. UNDERWOOD. Do you know the cost of freight, the cost of transportation, of refined sugar from foreign countries to this country?

Mr. COLCOCK. I do not.

Mr. UNDERWOOD. Then you are not prepared to answer the question that I asked?

Mr. COLCOCK. I do not know. I am prepared to give you my idea upon it.

Mr. UNDERWOOD. You have not the facts upon which you can base an answer?

Mr. COLCOCK. I have the facts—well, experience has taught me clearly that the high rate of duty would necessarily cause the consumer to pay more for the goods, and so buy a less amount.

Mr. UNDERWOOD. I did not ask you about the high rate of duty. My question was with reference to the taking off of the duty on refined sugar and putting a similar amount of duty on raw sugar, and reduce it on refined sugar.

Mr. COLCOCK. But that does not make any difference.

Mr. UNDERWOOD. I mean reducing the tax on refined sugar to an amount that it would be on raw sugar; in other words, wiping out that difference, and when you got to the 16 Dutch standard, not increase the duty.

Mr. COLCOCK. I can only say, as far as the differential is concerned, that I think it is a reasonable reward to give to an industry such as the refining of sugar; that that industry is worth to this country the one-eighth of a cent, but the methods they pursue in beating down the price at which they buy our sugar is damnable.

Mr. UNDERWOOD. You make a statement as to the necessity for the protection for this differential without knowing the cost to them of refining sugar, or without knowing the cost to the competitors abroad, and without knowing the freight rates upon refined sugar into this country.

Mr. COLCOCK. If you will turn to the hearings had in 1897, when you had Mr. McCahan on the stand, I think you will find that information.

Mr. UNDERWOOD. But that information is 13 years old, not up to date, and we can not rely upon it.

Mr. COLCOCK. I remember Mr. McCahan's testimony very well. He said that if he worked his refineries to full capacity day in and day out, that he could not refine sugar at three-eights of a cent a pound; that it cost him five-eights of a cent a pound. That is a refiner's statement, and he knows more about it than I do.

Mr. FORDNEY. Mr. Colcock, if the differential was wiped out, the differential between 1.95 and 1.68½, would it not affect the price of raw sugar in the American market?

Mr. COLCOCK. Of course it would.

Mr. FORDNEY. Would it not cripple the beet sugar industry absolutely?

Mr. COLCOCK. Entirely; all granulated sugar.

Mr. FORDNEY. Then it would be unwise to do it.

Mr. COLCOCK. Not only unwise, but, in my belief, foolish.

Mr. UNDERWOOD. Why would it cripple the Louisiana sugar interests, when they do not make any refined sugar at all, but sell purely to the refiner?

Mr. COLCOCK. I have no doubt that we would make refined sugar if we could start the industry anew. But we are very uncertain as to what you gentlemen are going to do up here. A man hesitates before he will tear down a $150,000 sugar house, and put up a refinery, spending $150,000 more, say $300,000.

Mr. UNDERWOOD. The present conditions are, that the Louisiana people are not refining sugar at all?

Mr. COLCOCK. I can cite you one sugar house, the Adeline factory, ready to refine it to-morrow if they thought their business could be a permanent one, and they may be doing it now.

Mr. UNDERWOOD. The Louisiana people are practically refining no sugar, and it all goes to the American Sugar Refining Company?

Mr. COLCOCK. They are not prepared to do it.

Mr. UNDERWOOD. If you took the differential off of sugar above the 16 Dutch standard, and put it on below, you would have the same protection against foreign sugar that you have to-day?

Mr. COLCOCK. We would have more protection.

Mr. UNDERWOOD. Have more. Therefore, why would the removal of it destroy the business of the Louisiana people?

Mr. COLCOCK. If we destroy the business of the American sugar refiners, then we would be at the mercy of the foreign refiner for everything, and he might not be as liberal as the American Sugar Refining Company.

Mr. UNDERWOOD. You assume that it would destroy the American Sugar Refining Company, but you have no data to show that it would?

Mr. COLCOCK. I am about as sure of it as I am of my name.

Mr. UNDERWOOD. But you have not stated to the committee any facts showing that the American Sugar Refining Company could not compete with the foreign.

Mr. COLCOCK. I am told that the refiner loses 0.14 cent on every pound refined. The differential gives him back that, and 0.12½ more. You propose to take off the differential, and force him to lose 0.14 cent a pound for the privilege of having the refining on American soil and employing American labor.

Mr. UNDERWOOD. I am asking a question to ascertain the conditions. I want to get the facts, and find out the actual cost of refining in this country and abroad; but as to the beet sugar question I want to ask you this: Is not the market for beet sugar almost entirely confined to the West?

Mr. COLCOCK. The beet sugar people will go on the stand, and they know more about that than I do.

Mr. FORDNEY. You stated a few minutes ago that upon your raw sugar made from cane in the South the price was controlled absolutely by the refiners?

Mr. COLCOCK. Undoubtedly.

Mr. FORDNEY. Is it not true that the price of beet sugar is also controlled by the refiners, and that the entire product of Cuba exported comes to the United States?

Mr. COLCOCK. If you will look back at the evidence I gave here in 1902, I think it was, you will see that I show that where the American refiners attempted in the months of July and August to take a little bit more than the differential the British buyers stepped into the Cuban market and bought several cargoes and shipped them to Great Britain, which was immediately followed by an increased offer on the part of the American Sugar Refining Company. They can rake off from the Cuban price up to 0.32, but the very minute that it touches 0.32 or 0.34 then the English will come into the market with cheaper freight and land it in the refineries in Great Britain.

Mr. BOUTELL. You say that the methods of the Sugar Refining Company in dealing with the producer of the raw material are "damnable?"

Mr. COLCOCK. That is the sentiment of every man who sold sugar upon the floor or our exchange last Thursday.

Mr. BOUTELL. Why do you submit to those methods?

Mr. COLCOCK. We are entirely unable to do better, excepting where a man has free money. For instance, last Thursday one man stored

2,000 packages of sugar sooner than sell it at the low price offered by the refiners. If we were all as well off as he we would store all of our high-grade sugar to-day.

Mr. Boutell. Is there anything in the nature of the crop or the product before it goes to the refiner which precludes its being stored?

Mr. Colcock. Well, yes; our 96 test sugar will not hold up the polarization—that is, it would lose the polarization—and every degree down, for instance, from 96 down to 86, means 10 less in value.

Mr. Boutell. That is, your raw material has to be disposed of to the refiner within a limited time?

Mr. Colcock. Yes, sir.

Mr. Boutell. Has any attempt been made by the producers of cane and beet sugars to form an association or combination for the purpose of regulating the price?

Mr. Colcock. So far as the beet sugar people are concerned, they can answer for themselves. I think they have done it, and done it successfully.

Mr. Boutell. Can you answer as to whether there has been a combination between the beet sugar people and the cane sugar people?

Mr. Colcock. We can not make that combination, because we are somewhat an agricultural interest.

Mr. Boutell. Then there is no combination between the producers of beet and cane sugar?

Mr. Colcock. No; none whatever.

Mr. Boutell. Are you familiar with the Farmers' Union of Texas, Louisiana, and Arkansas, formed for the purpose of controlling the price of cane?

Mr. Colcock. No, sir. I rode upon a car with one of them, and that is as much as I know. I heard him talk.

Mr. Boutell. You know what their method is, do you not?

Mr. Colcock. I know what he said it was. He said he would get more money for his cotton, but from the way he was going at it it seemed to me to be very stupid.

Mr. Boutell. Has any such method been considered by the sugar people?

Mr. Colcock. The only thing considered is the building of a refinery and refining our own sugar, as the beet-sugar people do.

Mr. Boutell. If you have information from the standpoint of the ultimate consumer of sugar—that is, the man who buys it at the retail store—I will ask you if you are familiar with the methods of handling sugar after it leaves the refinery?

Mr. Colcock. I suppose you refer to the retail grocer?

Mr. Boutell. From whom does the retail grocer buy in the ordinary course of trade—from the refiner or the jobber?

Mr. Colcock. The real grocer—the corner-shop man—can not buy from the refiner, as I understand it, as he does not buy enough to make it worth while to carry him on their books.

Mr. Boutell. From whom does he buy his sugar?

Mr. Colcock. From the wholesale grocer—the jobber, as you may call him.

Mr. Boutell. And from whom does the jobber get it?

Mr. Colcock. From the refiner. There is no intervention between the refiner and the wholesale grocer; he buys direct.

Mr. BOUTELL. And I presume, from your evidence to the effect that the refiner dictates the price which they shall pay for the raw material, that they also dictate the price which the jobber shall pay for refined sugar?

Mr. COLCOCK. Not only that, but they also tell him how much he shall sell it for.

Mr. BOUTELL. So that there is then a combination which fixes the price which the jobber charges the retailer?

Mr. COLCOCK. A combination in the refining industry; yes

Mr. BOUTELL. So that all retailers that buy their sugar, buy it at a uniform price, that is the same grade of sugar?

Mr. COLCOCK. Well, yes; practically.

Mr. UNDERWOOD. In other words, the American Sugar Refining Company dictates the price at which you shall sell your sugar to them, and also dictates the price at which the jobber shall sell the sugar to the public?

Mr. COLCOCK. They do; but they do not tell us that we have to sell it to them; they say we can sell it to somebody else.

Mr. UNDERWOOD. But you are bound to sell it to them because you have no other purchaser, so that they dictate the price to you at which they buy and they dictate the price to the jobber at which he shall sell?

Mr. COLCOCK. That is my impression; yes.

Mr. BOUTELL. So that the dictation with reference to this material goes on down until it leaves the hands of the retail dealer?

Mr. COLCOCK. It looks to me that way, Mr. Boutell.

Mr. BOUTELL. So that the only rivalry which would in any manner fix the price is the competition between the retail dealers themselves?

Mr. UNDERWOOD. Practically, there is no competition between the retail dealers on sugar.

Mr. COLCOCK. I do not think that you gentlemen understand what a retail dealer is.

Mr. BOUTELL. We know that we pay the retailers' bills.

Mr. COLCOCK. The largest and best paying consumer is the poor man who buys the small amounts of sugar, 10, 15, and 25 cents' worth—the consumer who comes in and buys a dollar's worth of goods, some coffee, some tea, and 2 bits' worth of sugar, or 4 pounds or 3 pounds of sugar. They do not buy sugar by the pound, but by the 2 bits' or 4 bits' worth.

Mr. BOUTELL. But that does not alter the statement that I made in my former interrogatory, that the only competition affecting the price of sugar, the only possible competition, whether it exists or not, is the competition among the retail dealers.

Mr. COLCOCK. No; the competition that exists is between the candy man, who likes to buy our sugars, for one, and then certain grocery trade which takes our sugar above No. 16 Dutch standard—they take some of this sugar and sell it into the trade. They are the competitors of the American Sugar Refining Company. Within the last week I have seen sugar on tables in our exchange fit for Mr. Roosevelt to eat, perfectly refined sugar, good sugar, and bought by the refiner and melted as 96 test sugar is melted. You see that whenever you begin tariff agitation, even a mild one like this, you drive the speculator out of the market, and when you drive the speculator

out of the market all the competition we have is between refiner on one side and the candy man and the old-time grocer, who buys the sugar for distribution to the trade, on the other.

Mr. BOUTELL. In speaking of the sugar from Hawaii, and the concession to Cuba, and the admission of sugar free of duty, has there been any great difference in the retail price of sugar?

Mr. COLCOCK. I am a poor hand to answer that, because I never buy any sugar. I do not know what the retail price of sugar is.

Mr. BOUTELL. You simply do not know?

Mr. COLCOCK. I do not know what the retail price is.

Mr. FORDNEY. Is it not your opinion that any reduction of the duties on imported sugar would greatly injure both the cane and the beet sugar industry in the United States and retard its growth?

Mr. COLCOCK. There is no question about that at all; it goes without saying.

Mr. CLARK. How much do you say is the entire rake-off, to use the common expression, that the Sugar Trust gets on refined sugar? What is the entire profit that the Sugar Trust now makes on a pound of sugar?

Mr. COLCOCK. That question would have to be answered by a practical refiner—that is, how much can he make upon a pound of refined sugar.

Mr. CLARK. In the first place, the difference between what he pays for the raw sugar and what he gets for the refined sugar is how much?

Mr. COLCOCK. I have tried to make that plain.

Mr. CLARK. I know you tried to do it, but it is a very difficult thing for a man who does not know anything about sugar to catch these terms. The reason I am asking that question is this: When we had the Philippine tariff bill up the last time, we calculated that the differential on refined sugar was $5.80 per ton, and nobody disputed that proposition; and I offered an amendment to cut it down to $2.30. Now, according to your figuring to-day, they only get $2.50 differential, for one-eighth of a cent a pound on a ton is $2.50.

Mr. COLCOCK. The amount collected on a ton would be one-eighth of $20.

Mr. CLARK. Is not there something else besides this one-eighth of a cent a pound that they get the advantage of?

Mr. COLCOCK. They have a by-product that they sell.

Mr. CLARK. Is there not some other kind of a tariff that they get?

Mr. COLCOCK. All the differential they get, mathematically, is 12½ cents. I never could understand why you gentlemen were so puzzled over it.

Mr. CLARK. It would puzzle almost anybody, it seems to me.

Mr. COLCOCK. Mr. Payne was clear on the subject; he seemed to realize that it was one-eighth of a cent a pound all along.

Mr. CLARK. Another thing, the difference between the cane sugar men and the beet sugar men is that you have nothing on top of earth to do with this differential on refined sugar, and they have a differential on refined sugar, plus the tariff that you get on the raw sugar.

Mr. COLCOCK. That is correct.

Mr. CLARK. That is their situation?

Mr. COLCOCK. And I do not want to hurt them; they are our neighbors.

Mr. CLARK. That I understand; that is the difference in the situation. What is the reason you do not start refineries?

Mr. COLCOCK. Because we are afraid.

Mr. CLARK. Afraid of what?

Mr. COLCOCK. Afraid that when we come to sell the sugar, not to the American Sugar Refining Company alone, but the people who refine sugar independently also, will undersell us wherever we try to deliver our goods.

Mr. CLARK. A cutthroat game?

Mr. COLCOCK. Every business in the world is conducted on that principle—every business that I know of.

Mr. CLARK. Was there ever a time when there was refined in Louisiana the entire product of Louisiana?

Mr. COLCOCK. No; we have always made some sugar fit for immediate consumption.

Mr. CLARK. How much does one of these sugar refineries cost? Does anybody know?

Mr. COLCOCK. We are building one down there now, and I am afraid it will cost more than a couple of dozen of sugar plantations put together.

Mr. CLARK. Is there any climatic condition that keeps you from refining sugar at New Orleans, and causes it to be done at New York?

Mr. COLCOCK. There is nothing that keeps us from refining sugar, if the men can come together and subscribe the money to build the refineries. They are afraid they will succeed in raising the money; that is exactly the position they are in. I have known men to subscribe $25,000 to $40,000, and then withdraw it before the subscription is complete.

Mr. CLARK. Do they refine any considerable amount of sugar in Cuba?

Mr. COLCOCK. Very little.

Mr. CLARK. Did they ever?

Mr. COLCOCK. Never.

Mr. CLARK. Before the United States got into this reciprocity arrangement with Cuba, where was their sugar refined, in Spain?

Mr. COLCOCK. No; principally in the United States. New Orleans was a large importer of Cuban sugar.

Mr. CLARK. In calculating how much sugar we make in the United States, do you take into consideration the beet-sugar proposition, too?

Mr. COLCOCK. Mr. Underwood added that in.

The CHAIRMAN. I would like to ask why you do not refine this sugar? I understood you to say that you are afraid? What are you afraid of?

Mr. COLCOCK. Suppose we put, say, $1,000,000 into a refinery; we would have to have $1,000,000 of working capital besides. Now, then, we begin to sell the sugar, selling it to a company at Vicksburg, say, at 5 cents a hundred under the price offered by the American Sugar Refining Company; then they offer to sell it at 10 points lower; then the other company cuts them 10 points, and so on; and as there are only about 28 points that can be possibly cut, in two days we would be out of the game altogether.

The CHAIRMAN. All you are afraid of is the competition of the refining companies?

Mr. COLCOCK. Undoubtedly; we are afraid of that.

The CHAIRMAN. I understood you to say, in reply to a question by Mr. Underwood, that there had been a time when you did not get a fair price for sugar from the refining company?

Mr. COLCOCK. We did not get it last year, nor this year.

The CHAIRMAN. Not this year, but you did get it last year?

Mr. COLCOCK. No; we did not last year. There was a reason for it last year, but there is no reason for it this year.

The CHAIRMAN. Can you suggest any amendment to the tariff schedule that would enable you to get a fair price for your sugar?

Mr. COLCOCK. I am afraid that I can not; I do not think I can. I would like to do it, but I do not know how.

The CHAIRMAN. You do not know of any way that we could amend the tariff to help you out in that matter?

Mr. COLCOCK. No, sir; I do not.

Mr. UNDERWOOD. I want to ask you again, if we took off the duty on the differential and put the same amount of duty on the raw sugar, if that would not force the American Sugar Refining Company, the trust, to buy the American sugar and make a better market for the American sugar, because it would be more costly for them to import, and at the same time it would not put up the price of sugar to the consumer?

Mr. COLCOCK. You are wrong, sir. The greater the advantage the refiner has, the more he can afford to pay for the raw sugar. If you gave him 3 cents protection on the raw sugar he could pay a better price than he could if you gave him one-eighth of a cent protection.

Mr. UNDERWOOD. If he could not buy his raw sugar from you, he would have to buy it all abroad, and he would have to pay 1.68 abroad?

Mr. COLCOCK. If there was no differential on raw sugar, the foreign refiners would send their sugar into the United States market. I am only speaking to the best of my knowledge and belief.

Mr. UNDERWOOD. You have not any facts to sustain it?

Mr. COLCOCK. Nothing but my observation of twenty-five years.

Mr. FORDNEY. If the duty on imported raw sugar was put so high that it would not be sold in competition with sugar made from beets in this country, it would certainly stimulate the beet sugar industry in this country, would it not?

Mr. COLCOCK. I do not think you could build factories fast enough, sir.

Mr. HENRY T. OXNARD. Mr. Chairman, I would like to say that we do refine sugar in Louisiana. My brother and myself have a cane sugar plantation at Adeline, La., and we are now making refined sugar there.

Mr. COLCOCK. The stenographer has that in his report from me.

The CHAIRMAN. Is there any other person present who desires now to be heard on cane sugar, or on the duty on cane sugar? I except Mr. Adkins, who desires to be present to-morrow.

Mr. CLAUS E. SPRECKELS. Mr. Chairman, I would like to be heard very much to-morrow.

The CHAIRMAN. You can take your chances on to-morrow. There is opportunity now. I presume you can be heard to-morrow.

Mr. SPRECKELS. I represent the Federal Sugar Refining Company, an independent concern, and operating in New York. My understanding was that I was to be heard——

The CHAIRMAN. You can be heard now or to-morrow morning, just as you desire.

Mr. FORDNEY. What is the gentleman's name?

The CHAIRMAN. Mr. Spreckels.

Mr. CLARK. Why don't you make your statement now, and take your notes of it, and revise them, so they can be put into the hearings which will be printed to-morrow?

Mr. SPRECKELS. I was not prepared.

The CHAIRMAN. As to anything you are not prepared on now, you can file a brief on it afterwards and until the 4th of December.

Mr. MCCALL. I understand Mr. Spreckels says he is not prepared to make a statement to-day. He can make it to-morrow.

The CHAIRMAN. Very well. Is Mr. Hamilton present—Francis E. Hamilton. If not, then we will call Mr. Henry T. Oxnard.

I want to say right here that these people are called who have given their names to the clerk. Of course it is desirable that all should do so, but we want everybody who is here and desires to be heard to have an opportunity to be heard.

STATEMENT OF MR. HENRY T. OXNARD, OF OXNARD, CAL., AND NEW YORK CITY, REPRESENTING THE AMERICAN BEET SUGAR COMPANY.

Mr. OXNARD. Mr. Chairman and gentlemen of the committee, I represent our domestic sugar interests, in part, as vice-president of the American Beet Sugar Company, operating six beet sugar companies located in Colorado, Nebraska, and California.

As I understand it, for the past two or three years certain interests have been agitating for lower duties on certain products, principally those that enter into manufactured articles. This demand, artificially created, I believe, has caused a sentiment to grow up that calls now for a readjustment or a revision of the Dingley tariff schedules. The call is for Congress to look into schedules of the law of eleven years ago to see what need there may be for lower or higher duties, in view, perhaps, of changes in conditions which may have come since 1897. The Dingley bill has brought great prosperity to this country, and its life has only been equaled by the tariff act of 1846, when in 1856–57 there was a call for lower duties that brought disaster to the country.

We understand that, whatever demand exists for revision of the existing rates of duty, no necessity exists for a radical reduction of rates of duty on products at large. On the contrary, it seems desirous of having Congress investigate the matter, and raise, or lower, or maintain the present rates wherever advisable and just. In other words, the sentiment spoken of does not proceed so far as to assume that existing rates of duty are too high generally on all products. These hearings, then, are to determine where inequalities exist; where, because of change in conditions, the rate now may be too low or too high, and where it has not yet outlived its usefulness; and then it will be proposed, as I understand it, that when a harmonious deter-

mination is arrived at, to add to the whole a higher or maximum or retaliatory rate that we may use as against nations that treat our products unfairly.

From that standpoint I wish to hold the attention of this committee briefly on the subject of sugar; to show why there should be no change in the rates on that product, or if any, an increase.

The duty that should be placed on sugar depends on several factors. I know it is contended by some that reduction increases duties, because inciting larger importations. The idea is a theory. More revenue from lower rates depends, in the case of sugar, on whether a given reduction would be enough to displace the domestic product. Lower-dutied sugar would not displace our domestic sugar, nor that free sugar that comes from Hawaii and Porto Rico and the Philippines, nor that from Cuba, unless the reduction were sufficient to overcome the grant of tariff favor to sugar from that island. Hence there would be no room here for larger foreign importations. We need only about so much foreign sugar, and hence lower duties on it could only reduce our revenue.

How much of our revenue should come from sugar is a serious question; so serious, for several reasons, that the schedule has invariably given committees and Congress more or less trouble, so that the Treasury is interested from a revenue standpoint; and we have for many years—save from 1891 to 1895, when there was practically free sugar and a bounty—collected very considerable revenue from sugar. This worked favorably for sugar producers, while our consumers have enjoyed reasonable prices for a necessary of life, but it has not always been easy to reconcile these often conflicting interests. To-day, as I see it, the task is fairly easy.

Not to go back too far into ancient tariff history, in 1883 a high duty was placed on sugar and on other entries, so high along the whole line that in 1890 we had such dangerous "surplus" of revenue that Congress determined to place raw sugar on the free list, lopping off about fifty millions of revenue, and giving our sugar producers a bounty as a greater stimulus to production than a duty had been.

In 1894 Congress went back to a duty on sugar, but the rates then fixed were found too low for either revenue or protection. The evil effect of ad valorem rates on sugar being demonstrated, the 40 per cent rate on raw sugar, then valued at an average of 3 cents, was supposed to be ample for revenue, and a rate tending to give our consumers cheaper sugar. It did neither. It came to pass that the world's price of raw sugars fell down, say, from one-half to three-fourths cent below 3 cents, which produced a very considerable loss of the protection granted, affecting the revenue as well.

Then came the higher tariff of 1897, the sugar rates in which were designed to return enough revenue, insure to consumers sugar at a reasonable cost, and fair protection to our producers, and hoped for development of the sugar industry. Our producers, however, were promised, in addition, a bounty of one-fourth of a cent a pound to increase the development of sugar production—a more stimulating agency than the duty had proved to be; but the pressure for the speedy passage of the Dingley law was so great that in the face of the threat of the minority in the Senate to protractedly debate the bounty proposition, the latter was withdrawn, and so our domestic sugar pro-

ducers did not get what the majority conceded sugar was fairly entitled to to increase the development of sugar production.

This is what was said:

Mr. ALLISON. I offer this morning two or three amendments to the bill, which I do not ask to have considered at this moment, but I offer them now in order that they may be sent to the printer immediately and returned at an early hour during the morning. I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. On page 200, after line 14, insert as a new section:

"SEC. —. That on and after July 1, 1898, and until July 1, 1903, and no longer, there shall be paid from any moneys in the Treasury not otherwise appropriated, under the provisions of section 3689 of the Revised Statutes, to the producer of sugar made from beets grown within the United States during the calendar year 1898 and each succeeding calendar year until July 1, 1903, a bounty of one-fourth of 1 cent per pound."

Mr. JONES, of Arkansas. On what many of us hoped would be the last day of the consideration of this bill the committee comes in with what is unquestionably the most radical departure from what has been the practice of the Government for a century in tariff taxation as an amendment.

There was considerable debate, Mr. Jones saying, "There must be time, it seems to me, to look into the question."

Page 2255:

Several SENATORS (to Mr. Allison). Withdraw it.

Mr. ALLISON. In view of what has been stated by Senators on the other side of the Chamber, that the amendment will lead to a prolonged debate, I withdraw it. I agree with what has been so well stated by the Senator from Nebraska [Mr. Thurston], that it is not the purpose or wish of those who wish to pass the bill to introduce into it any new question which will prolong the debate. Therefore, if in order, on behalf of the committee, I ask leave to withdraw the amendment.

This was in the Fifty-fifth Congress, first session, volume 30, part 3, pages 2244 and 2255.

It is not for us to say what our national expenditures may be, nor what our revenues must consequently be. I have only pointed out some reasons why we shall need very considerable income to meet our necessities, making the continuance of existing rates on sugar wise, necessary, and fair, unless by much lower rates on other products we invite larger foreign importations for revenue, too low to be sufficiently protective.

The following shows our consumption of sugar, the duties collected thereon, the per capita consumed, the average price of refined sugar in New York, and rates of duty on refined sugar under the tariff acts of 1883, 1892, 1894, and 1897. In the year 1884—shall I read this, gentlemen? If you are not interested in these figures I will pass them by?

Mr. CRUMPACKER. I suggest that you read them.

The CHAIRMAN. Yes; I think you had better read them as you go on.

Mr. OXNARD (reads):

Year.	Consumption.	Duty collected.	Per capita consumed.	Price of refined in New York.
1884	1,309,000	$47,500,000	52.4	6.78
1885	1,298,000	50,800,000	51.8	6.44
1892	1,853,000	76,000	63.8	4.34

Mr. BOUTELL. That was free sugar?

Mr. OXNARD. Sugar under the bounty. The per capita consumption was 63.8 pounds, under free-trade conditions, practically what it is to-day. [Continues reading:]

Eighteen hundred and ninety-five consumption, 1,949,000; duty collected, $15,350,000; per capita consumed, 63.4; price of refined in New York, 4.15.

Mr. CLARK. What year was that before that you just read?

Mr. OXNARD. 1892.

Mr. CLARK. That was the year when there was not any tariff on sugar, but a bounty?

Mr. OXNARD. Yes, sir.

Mr. UNDERWOOD. There was a tariff on refined sugar, but none on raw sugar?

Mr. OXNARD. Yes.

Mr. CLARK. That was when we were paying the bounties?

Mr. OXNARD. Yes; under the McKinley bill.

The CHAIRMAN. The tariff on the raw sugar was the same as the differential?

Mr. OXNARD. Yes, sir. Now we come to the Wilson bill. In 1895 the consumption was 1,949,000 tons. The revenue collected was $15,350,000. There was a 40 per cent ad valorem duty that year. The duty collected was $15,350,000. The per capita consumption was 63.4, and the price of refined sugar in New York was 4.15 cents, practically lower than it had been under free conditions. [Reads:]

In 1896 the consumption was 1,960,000; duty collected, $29,800,000; per capita consumed, 62.5; price of refined in New York, 4.53.

Now we come to 1907, under the Dingley bill, last year. [Reads:]

Nineteen hundred and seven, consumption, 2,990,000; duty collected, $60,130,000; per capita consumed, 76; price of refined in New York, 4.8.

We have been going up and buying more sugar, showing that the people were satisfied with the price. That is the end of my table.

The CHAIRMAN. Do you give the price per pound last year?

Mr. OXNARD. Four and eight-tenths.

Mr. BONYNGE. That was under free trade?

Mr. OXNARD. No; 4.8.

Mr. UNDERWOOD. What you call free trade is the amount of tariff tax that was collected on refined sugar coming into this country?

Mr. OXNARD. I said $76,000 was collected.

Mr. UNDERWOOD. What was the tax per pound?

Mr. OXNARD. I do not remember at that time.

The CHAIRMAN. It was in the neighborhood of one-eighth.

Mr. OXNARD. Yes; something like that.

The CHAIRMAN. I suggest, Mr. Oxnard, that you add to that table the tonnage of cane sugar and beet sugar produced in the United States during each of the years mentioned.

Mr. OXNARD. I will do that with pleasure. I will fix that and put it in the record.

Mr. McCALL. Can you make also the returns for the intervening years, so that we can get a report from each year since 1884?

Mr. OXNARD. I will do that for each year.

Mr. McCALL. These figures are very valuable.

The CHAIRMAN. If you could do it this afternoon it could be made ready for insertion in the hearing to-morrow.

Mr. OXNARD. That will be a job, but I will try to do the best I can.

Mr. CRUMPACKER. My attention has been called to a statement published in Willett & Gray's Weekly Statistical Sugar Trade Journal, fixing the price for 1907 at 4.69 instead of 4.80.

Mr. OXNARD. I got my figures from the same source. Between 4.69 and 4.80 there is not much difference, but I will see if I made a mistake. It is 4.69.

Mr. CLARK. The sugar habit, if you may call it so, is increasing among all civilized people, is it not?

Mr. OXNARD. Yes; I think that is true.

Mr. CLARK. Have you ever investigated outside of the United States about the consumption of sugar?

Mr. OXNARD. Oh, yes, I have. The people that use the least amount of sugar are the Turks. You would think they use more, but they use only 6 pounds per capita.

Mr. CLARK. I thought that the Chinese were just learning to use sugar.

Mr. OXNARD. I have not the record of the Chinese.

The CHAIRMAN. It is not increasing very rapidly in Germany, is it?

Mr. OXNARD. It is increasing in Germany. The German Government is making great efforts to have the per capita consumption of sugar increased. They apply it to the army. They find it excellent food, and it has increased a few pounds per capita in Germany in recent years. I think it is about 42 pounds per capita in Germany. I am answering from memory, you should understand.

Mr. BONYNGE. What is it in Great Britain?

Mr. OXNARD. Great Britain is the great sugar-eating country of the world. The per capita consumption in Great Britain is 90 pounds. They put up jams and preserves, and a great deal of it goes in in that way.

Mr. GAINES. For export?

Mr. OXNARD. Yes.

Mr. CLARK. You say the people eat sugar because they are satisfied with the price. Is that right? Do they eat it because they are satisfied with the price, or because they have to eat it?

Mr. UNDERWOOD. To satisfy the sugar? [Laughter.]

Mr. CLARK. Your remark was in the nature of an argument.

Mr. OXNARD. I think both. I think I showed that they get their sugar about as cheap now under this tariff as they ever got it under free trade.

Mr. CLARK. I want to ask you now for information: Is this sugar consumption in the United States, this increase of the per capita consumption—does that grow out of the fact that they use more sugar, as sugar in its simple state, or do they eat more preserves and jams, and so forth?

Mr. OXNARD. If you want my opinion I will give it to you. The farmers and everybody have been extremely prosperous under the Dingley bill, and they have had money to buy sugar with.

Mr. CLARK. I understand that; but what about the English people now? You give that now as an argument here. How does it happen that they eat more?

Mr. OXNARD. They have always eaten the same amount, apparently.

Mr. CLARK. They must be prosperous, too, then. What do you think of that proposition?

Mr. OXNARD. They are prosperous, probably.

Mr. CLARK. Is the sugar habit increasing because people like to eat more sugar, or because it is cheaper?

Mr. OXNARD. The consumption has not increased much in France. It has not increased at all.

Mr. CLARK. We lack a good deal from being up to the English, according to your own statement.

Mr. OXNARD. There is also this, I think, that I did not state: The English make jams and preserves and send them to their colonies. Perhaps that increases their per capita consumption. They are large jam producers, and send it to India and Australia and other countries.

Mr. CLARK. Do you think any people in the world eat as much jam and knick knacks and gew gaws and jim cracks as we do?

Mr. OXNARD. I think the English do.

Mr. CLARK. Then why did you not answer a while ago that this extra consumption of sugar grows out of the fact that sugar is cheaper in comparison with other things than it has been in days gone by? Is that it, or is it the taste of the American people for sweet things?

Mr. OXNARD. Let me answer that by looking at my table and showing you that they ate 63 pounds in 1892, under free sugar, when it was 4.34, and they ate 77 pounds last year, when it was 4.8, or 4.7.

Mr. MCCALL. Mr. Oxnard, how is the price of sugar now compared with the price of other commodities at that time? Has sugar remained lower, compared with other food commodities?

Mr. OXNARD. I think very decidedly. Sugar is extremely low, and it is a great food product; and on that account the Germans, as I said, have applied it to their army and furnished their army with sugar, and habituated the army to use sugar as the cheapest product they can.

Mr. MCCALL. I was trying to find the reason for the increased consumption. If sugar to-day is cheaper than it was ten years ago, would not that be a reason for its increased consumption over the consumption of other foods?

Mr. OXNARD. It might be. I think it is relatively cheaper than other food of the same nutritive value.

Mr. CRUMPACKER. Has there not been a corresponding increase in the consumption of other foods as well as sugar? I know there has been, in relation to wheat and other foods, because of the good times.

Mr. OXNARD. I dare say, but I am not competent to answer that.

The CHAIRMAN. Great Britain exports very largely preserved fruit and sugar?

Mr. OXNARD. Yes, sir.

The CHAIRMAN. And the sugar used in preparing those fruits is estimated as part of the consumption?

Mr. OXNARD. Yes; that is true.

The CHAIRMAN. And that accounts in large measure for their large consumption of sugar per capita?

Mr. OXNARD. Undoubtedly.

Mr. CLARK. Do you know of any place where we are exporting sweetmeats?

The CHAIRMAN. I can not answer that as an expert, but I can answer it simply as a member of the committee. I think we do not to any great extent.

Mr. FORDNEY. Has not the consumption of other food products increased in the past ten years much more than sugar?

Mr. OXNARD. Undoubtedly.

Mr. FORDNEY. Would you raise or lower the present duties on sugar?

Mr. OXNARD. I would raise them. I started out with that as the basis of my argument, and showed that it was the intention of the Republican majority at the time they passed this bill to give us still more protection, and I would like to see the stimulus added to.

Mr. FORDNEY. If we had still more duty on foreign raw sugar it would stimulate the production of beet sugars, would it not?

Mr. OXNARD. Certainly.

Mr. FORDNEY. And in a short time supply sugar to all the people who consume it in this country at a lower price than is paid to-day with improved methods?

Mr. OXNARD. I do not think there is any doubt about that.

Mr. GAINES. Do you know what proportion of the world's production of sugar is consumed in this country?

Mr. OXNARD. I do not remember exactly. Mr. Willett, what is the proportion of the world's production of sugar consumed in this country?

Mr. W. P. WILLETT, of New York. The world's raw consumption is 14,000,000 tons, and this country consumes about 3,000,000 tons.

Mr. OXNARD. That is about a fifth.

Mr. BOUTELL. Before you proceed, if it is a mere matter of tabulation as to those figures as to the per capita consumption of sugar, can they be carried back as far as they are available if they are given by decades?

Mr. OXNARD. Do you want the figures of what we consumed to compare with particular years—with the tariff of 1846?

Mr. BOUTELL. If it is a matter of tables, if they can be brought down from the earliest figures available they would be of great value.

Mr. OXNARD. You want the amount of consumption, the amount of duty collected, the per capita, and the price of refined sugar?

Mr. BOUTELL. Yes, sir; if those could be carried back.

Mr. OXNARD. Very well. Perhaps some of your questions, gentlemen, will be answered in my further statement; so with your permission I will proceed.

It will not be denied by the well informed that our producers are in need of all the protection now enjoyed, and especially if the beet sugar industry is to go forward in the matter of development. It should not be overlooked that Congress has lowered the effect of rates and reduced the natural effect of whatever stimulation was contained originally in the rates of 1897 by letting in free or at lower rates, since 1897, upward of 1,800,000 tons of sugar, deterring investments, which alone is sufficient reason why the existing rates should stand or should be increased. And in that I have included Hawaii, which at that time had a treaty and is now a part of the United States.

Mr. CLARK. If it will not interrupt you, I would like to ask you a question entirely different from that. Is the area of cane sugar made in the United States about all taken up?

Mr. OXNARD. It is not scratched, hardly.

Mr. CLARK. What is the reason, then, Mr. Fordney keeps asking you about stimulating the growth of the beet sugar industry?

Mr. OXNARD. It will apply to the cane also. He did not ask me that question.

Mr. UNDERWOOD. Is it not a fact that, as compared with the other cane-producing countries of the world, we have not got an ideal cane-producing country?

Mr. OXNARD. That is true.

Mr. UNDERWOOD. Is there not too much moisture and water down there to produce a good cane?

Mr. OXNARD. I will try to answer that. The cane is the plant of the Tropics, and as you go northward you find it more difficult to properly develop that plant.

Mr. CLARK. It produces less sugar to the ton of cane?

Mr. OXNARD. Yes, sir; until you go so far north that it does not contain any sugar at all. It is a natural tropical product, just as the beet is the product of the Temperate Zone, and as you approach either extreme the conditions become less and less favorable, except in the case of California, which is semitropical. In southern California we have two factories, which do extremely well.

Mr. UNDERWOOD. Who do you mean as "we?"

Mr. OXNARD. I am vice-president of the American Sugar Company. We have one factory at the town of Chino and one at Oxnard.

Mr. CLARK. Is sugar a matter of ordinary agriculture? What do you know about that, or what do you say about that?

Mr. OXNARD. I should say that is a broad question, and yet I should say that under favorable conditions sugar can be produced readily with the proper culture.

Mr. CLARK. Where are there cane lands outside of Louisiana?

Mr. OXNARD. In Texas.

Mr. CLARK. Texas goes successfully under the general agricultural business. As I understand it, Louisiana is confined substantially to two or three of these subtropical crops.

Mr. OXNARD. Well, rice grows very well in Louisiana. Our cane production does well in Louisiana in some years and badly in other years.

Mr. CLARK. Which is the more profitable production in Texas, sugar or rice?

Mr. OXNARD. I can not answer that question as to Texas.

I will go back a little to say again that we let in free or at lower rates since 1897 upward of 1,800,000 tons of sugar, deterring investments, which alone is sufficient reason why existing rates should stand or be increased. That is, we have received our tariff cut. I call your attention to the fact that we have no more beet sugar factories now than we had three years ago, showing that your protection or stimulation is not sufficient to induce additional investments under colonial conditions.

The CHAIRMAN. You do not mean to say that no new beet sugar manufactories have been erected since 1897?

Mr. OXNARD. No; but some have been abandoned which were not located exactly right.

The CHAIRMAN. You mean they were not located where they could raise beets profitably?

Mr. OXNARD. Yes. But there has not been much development for a year or two. I think the Phillipine agitation has caused people to wait to see what you are going to do with this tariff.

The CHAIRMAN. The same number of factories have been built that have been abandoned?

Mr. OXNARD. Yes.

Mr. CLARK. You beet sugar men have known ever since you got busted on that Philippine tariff bill in the Senate that there was no earthly prospect of that bill being passed.

Mr. OXNARD. Who guaranteed that?

Mr. CLARK. You just reasoned ordinarily that if the Senate sat down on that bill with such force as they did, there was not any prospect of that bill being passed unless the Senate was completely upset, and you had four years to build these sugar factories in.

Mr. OXNARD. But who is going to build factories with investments of $1,000,000 or thereabouts on an uncertainty?

Mr. CLARK. But the conditions have not gotten worse in that interval. Why don't you go on and build these new sugar beet factories?

Mr. FORDNEY. Capital is timid, Mr. Oxnard, while agitation is going on at one end of the country, is it not?

Mr. OXNARD. Certainly.

The CHAIRMAN. Would it not be better to have that Philippine tariff question settled at once?

Mr. OXNARD. I do not understand your question.

The CHAIRMAN. I say, would it not be better to have the Philippine tariff settled, if possible, for the interest of the sugar growers?

Mr. OXNARD. Decidedly.

Mr. FORDNEY. If they should let you and me settle it, yes. [Laughter.]

The CHAIRMAN. It would be better to have it settled anyway, would it not?

Mr. OXNARD. Yes.

The CHAIRMAN. I hope you will so advise the Senate committee.

Mr. OXNARD. We want it settled with this tariff altogether. We will not say how you shall formulate the different parts.

I must insist that sugar is exceptionally situated; that it falls in that class of products where present duties should be maintained. The lower duties would be disastrous, in view of the treatment meted out to sugar since 1897, and higher duties are advisable.

We have gone on and done our best to fulfill our promise to develop the beet sugar industry since the passage of the Dingley law, and we have to show for it a production of 440,000 long tons from 63 factories in 1907, as against a production of 40,800 long tons from 9 factories in 1897.

The CHAIRMAN. Oh, in 1897, you mean?

Mr. OXNARD. Yes. I am talking of this year and ten years ago, when the Dingley bill went into effect. We have increased the production of beet sugar tenfold in the United States.

The CHAIRMAN. I understand it now.

Mr. CLARK. It has not increased, then, in the last two or three years, as I understand it?

Mr. OXNARD. In the last couple of years we have not increased. We are at a standstill, to see what will be done.

Mr. BONYNGE. You have increased the amount of production of sugar?

Mr. OXNARD. Oh, yes; I understood you to say the number of factories.

Mr. CLARK. I do not care about the increase of the number of factories.

Mr. BONYNGE. It was by removing the factories to places where you could grow the beet to the best advantage?

Mr. OXNARD. Yes; a new factory never gets its full supply at first, you know.

What our sugar industry needs is certainty, assurance that it is to be let alone, to proceed as best it can under existing rates. If, however, 700,000 tons of free sugar from Porto Rico and Hawaii is allowed to come in, and if to reductions on 1,250,000 tons of Cuban and Philippine sugars now admitted—which has been a staggering blow to sugar capitalists—there is added a reduction of existing rates, the money which has been going into Porto Rico, Mexico, and Cuba will continue to go there, rather than risk a million, or even half a million, investment in sugar factories at home.

To-day we have an investment of about $60,000,000 in 63 beet sugar factories, scattered in 15 States of the Union, and reaching from the Atlantic to the Pacific, and the average returns on the actual investment have not exceeded 6 per cent; far too little to induce capital to develop rapidly a great national industry in proportion to its value, from every standpoint, to the inhabitants of the United States.

The CHAIRMAN. For how long a period?

Mr. OXNARD. Right through for a period of ten years; far too little to induce capital to develop rapidly a great national industry in proportion to its value from every standpoint to the growing commerce and the people of the United States.

The American beet sugar stock listed on the New York Stock Exchange, and our annual statements are on file there, open to public inspection, and they show that during the life of the Dingley bill we have never been able to do more than pay 6 per cent on the actual capital invested in building and operating our six factories, located in California, Colorado, and Nebraska. There is no water in this $7,000,000, consisting of $4,000,000 of preferred and $3,000,000 of short-term notes, every dollar of which went into the building of these plants.

These are the cold facts in the case, and they can not be truthfully controverted. Does this look like an unreasonable profit? Would any sane man care to invest in the industry under a smaller margin of profit? I leave this answer to you, gentlemen. I claim that the facts warrant the raising of duties, if the industry is to be speedily developed.

Summed up, my propositions, then, are: Sugar is so situated that it should be treated with exceptional favor—first, because it is only developing, and, second, because no other industry has been set upon since 1897 as has home sugar. It has already borne its full share of any proposed reduction.

The beet sugar industry is only, you may say, 10 years old. The only stimulant it has received came since the Dingley bill went into

effect. Why, gentlemen, in 1890, when we appeared here for the first time before you, before Mr. Payne on the McKinley bill, I was the sole representative of the beet sugar industry in the United States. There was nobody else here. I had to represent it. There was no industry, practically. There was not one man in a hundred in Congress that believed you could make sugar from beets. They wanted to see that sugar. In 1894, when the Wilson bill came up, we had a few more representatives, not many more, because the bounty did not last. There were seven or eight factories. In 1897, when the Dingley bill was framed, there were only about nine factories. The great development has come since 1897, and I think all these other countries that grow sugar realized that we are going to grow sugar, and since then they have been at you and at us right along to have their products admitted at reduced rates or free; and I think it is about time to call a halt, because the industry is only developing, and because no other industry has been set upon since 1897 as has home sugar. The sugar schedule is the only one that has been hammered at in the tariff. Just think of the percentage of sugar that has been admitted free and at reduced rates since this bill was started. No other schedule has been attacked like that.

Mr. Underwood. But so long as a majority of the sugar consumed in this country was imported, the admitting free of a portion of it from Hawaii and Cuba would not fix the price, when it is the surplus that fixes the price, and there is no surplus here?

Mr. Oxnard. It is bound to affect the price.

Mr. Fordney. We always will import a large amount of sugar here until home industry has adequate protection, will we not?

Mr. Oxnard. Yes. If you turn it once into the hands of the foreigners you will see what your sugar bill will be.

Second, the per capita consumed of sugar here is increasing, showing that consumers consider prices reasonable, and they are conservative.

Third, we will need our present or more revenue from sugar.

Fourth, our producers need the present protection. Prices have fallen, and if rates are advanced it will be assurance to waiting capital that Congress will stand fast on its guarantee to foster and develop our home sugar industry.

Fifth, present rates are not nearly as high nor the protection as much as in 1883 and 1890.

Sixth, diligent effort to carry out our share of the contract of 1897 with Congress, which deserves additional encouragement for those who are to invest in the beet-sugar industry.

Now, gentlemen, I have tried to make a connected argument.

Mr. Boutell. Mr. Oxnard, is there any reason in the method of raising beets why, with such encouragement as you ask for it, it should not be a very large and widespread and prosperous business?

Mr. Oxnard. I see none unless you cripple it as they have done, as I pointed out, in the last ten years by continually letting in what I call foreign sugars from outlying countries at reduced rates.

Mr. Boutell. Leaving outside for the moment any question of protection by the tariff or otherwise, is there anything in the nature of the raising of the sugar beet which should put us at a disadvantage with respect to other countries?

Mr. Oxnard. No, sir; I do not see any.

Mr. Boutell. The reason I asked the question is this: Professor Taussig, who is a very able writer on economic questions, refers especially to the flax and linen and the beet-sugar industry as two illustrations of protective industries that have not made the progress in this country that was looked for, and he gives as the explanation that the method of harvesting flax and the method of the cultivation of the sugar beet, employing on the continent of Europe very much of child labor, is such that under our social system probably it will never reach the same proportions that it has reached in the continental countries. Is there anything in that?

Mr. Oxnard. I should say not, and for this reason: I do not know of any industry that has developed in ten years as this one has, going from 40,000 to 440,000 tons. It seems to me that refutes his argument directly, and do you know that 440,000 long tons is more than a third of what we were consuming along in 1885, a third of the consumption of the United States, and that has been done in the last eight or ten years. I would point to that as an answer, and I would further say from my personal knowledge that it is not so. I would rather that question be asked of an expert on the agricultural end. We have such a man who will appear before this committee, Mr. Saylor, who has made a study of it for the Government, to go around, and he is here now in the room and ready to appear before you gentlemen, and he will be glad to answer that question, better than I can.

Mr. McCall. Mr. Oxnard, what effect would the removal of the differential have on refined beet sugar?

Mr. Oxnard. Of course it would be very bad for it, because we share in that protection. Beet sugar is not food to eat in its raw state. It has to be refined, and every pound of it is refined, and we share in that differential just as much as the refiners do.

Mr. Underwood. I would like to ask you what company you represent, Mr. Oxnard?

Mr. Oxnard. The American Beet Sugar Company. I will go a little into the history of that. That is the oldest company, and that is why I pointed out that if that company could not earn and pay more than 6 per cent it would be hard to expect other companies that had not been in the business as long to do so.

Mr. Underwood. How much beet sugar does this particular company produce?

Mr. Oxnard. It varies. When you ask me these questions, gentlemen, as to the price of sugar, and so forth, I must answer in figures, just as if you would ask me what the price of Union Pacific is.

Mr. Underwood. What was it last year?

Mr. Oxnard. You mean an average?

Mr. Underwood. Yes.

Mr. Oxnard. About 125,000,000 pounds last year.

Mr. Underwood. How does that compare with the total amount of beet sugar produced?

Mr. Oxnard. You can figure it; 65,000 tons, in round figures, out of 440,000 tons.

Mr. Underwood. How much?

Mr. Oxnard. Sixty thousand, we will say, out of 440,000.

Mr. Underwood. Has the American Sugar Refining Company any interest in this company?

Mr. Oxnard. Not that I know of.

Mr. UNDERWOOD. Has it any interest in the beet sugar industry of the United States?

Mr. OXNARD. I do not know as to that. I am only going as far as my own company is concerned. It may have stock. Anybody in this room may have stock. I am not specifying. But so far as I know, there is none of them that is a stockholder in our company.

Mr. UNDERWOOD. So far as you know, is there any business connection between your interests and the American Sugar Refining Company toward fixing the price of the sugar produced in this country?

Mr. OXNARD. No, sir; not that I know of, and that is a point that I would know. I was for seventeen years president of this company. I started it, and for personal reasons I did not want to go on, and my brother succeeded me, and I know everything that that company has done.

Mr. UNDERWOOD. You are familiar with the beet sugar interests of the Northwest in a business way?

Mr. OXNARD. Yes; but I want to say this before I start in on that: My brother in California handled that part of the business, the selling of the sugars, and I am not in a position to answer detailed statements about that. There are other gentlemen here who could answer much better.

Mr. UNDERWOOD. Do you know the territory in which the beet sugar interests of the United States sell their products?

Mr. OXNARD. I know that. I can answer that.

Mr. UNDERWOOD. Where is that?

Mr. OXNARD. From the Atlantic to the Pacific.

Mr. UNDERWOOD. I mean the most of their product is not sold on the seaboard, is it?

Mr. OXNARD. What do you call the seaboard? The bulk is sold in the interior.

Mr. UNDERWOOD. Is it not a fact that by reason of railroad rates, freight rates in the market in which the beet sugar interest disposes of its product it has a freight rate in its favor of from 30 to 40 per cent?

Mr. OXNARD. From 30 to 40 per cent on what?

Mr. UNDERWOOD. Thirty to 40 per cent on the cost.

Mr. OXNARD. No, indeed. We make sugar in California; we ship it to Chicago. I do not know what the freight rate is now, but we have paid as high as $1 a hundredweight—a cent a pound.

Mr. UNDERWOOD. You ship it where?

Mr. OXNARD. From Oxnard to Chicago, and we seldom pay less than 25 cents to carry it from the factory to almost any point.

Mr. UNDERWOOD. Oxnard is in California?

Mr. OXNARD. Yes; southern California.

Mr. UNDERWOOD. And you pay $1 a hundred pounds?

Mr. OXNARD. I say we have paid it. To my knowledge we have paid $1.

Mr. UNDERWOOD. Most of the factories of the American Sugar Refining Company are on the Atlantic seaboard, or all of them?

Mr. OXNARD. Most of them; yes.

Mr. UNDERWOOD. All the importation of refined sugar that comes into this country comes in on the Atlantic seaboard, does it not, of refined sugar?

Mr. OXNARD. Not all.

Mr. UNDERWOOD. But practically all?

Mr. OXNARD. Practically all.

Mr. UNDERWOOD. Then if it costs you a dollar to ship it from California to Chicago——

Mr. OXNARD. It may not be more than 75 cents, and I may have shipped none in this past year. I do not know.

Mr. UNDERWOOD. It will range from 75 cents to $1?

Mr. OXNARD. It will range all the way from 25 cents to 75 cents. Now we have a factory that will supply Chicago from Colorado.

Mr. UNDERWOOD. That brings you nearer the market than the other factory? The beet sugar interests are located largely in Colorado and Nebraska and Michigan and the Middle West, or the Rocky Mountain West, are they not?

Mr. OXNARD. Yes; and in California and Utah.

Mr. UNDERWOOD. When the importations of sugar come to this country, besides the foreign freight and the ocean freight, the foreign importer has to pay the domestic freight rate to the market in which the beet sugar is sold, does he not?

Mr. OXNARD. Yes. If he would send it there he would have to pay it undoubtedly.

Mr. UNDERWOOD. There are 440,000 tons of beet sugar produced in the United States. The western market is able to consume every pound of that?

Mr. OXNARD. As I say, I have found times when I had to come to New York with it, and I have gone frequently to Pittsburg with it.

Mr. UNDERWOOD. I understand there are sometimes exceptions. Sometimes we ship pig iron to China.

Mr. OXNARD. Yes. There has been shipped imported sugar from New Orleans to Omaha for 27 cents, when I was paying 75 cents from Oxnard to Chicago to compete with it.

Mr. UNDERWOOD. We agree on the proposition that the western market consumes the beet sugar product.

Mr. OXNARD. Yes; that is true, largely.

Mr. UNDERWOOD. And that the foreign competitor has to pay the cost of the freight rate from the Atlantic seaboard to the western market?

Mr. OXNARD. Yes.

Mr. UNDERWOOD. Can you give an anywise accurate statement as to the amount of cost of freight on sugar from the Atlantic seaboard to the western market, Chicago and westward?

Mr. OXNARD. No; I can not. There are gentlemen here who can.

Mr. UNDERWOOD. It must be somewhere near the same rate.

Mr. OXNARD. I was talking of some years ago when I said 27 cents.

Mr. UNDERWOOD. Do you know the cost of ocean freight in bringing sugar to this country from Amsterdam?

Mr. OXNARD. The understanding among us was that each gentleman would take a certain part of this subject and discuss it. There are gentlemen in this room who can tell you that. Mr. Hathaway knows. (To Mr. Hathaway:) What is the rate from Hamburg here?

Mr. UNDERWOOD. If he will testify, I will ask him later. You do not know the freight rate?

Mr. OXNARD. No, sir.

Mr. UNDERWOOD. Do you know the cost of the production and refining of German beet sugar?

Mr. OXNARD. Yes, I do; but there are other men who will dwell upon that. Mr. Payne suggested that it would be better if each man would take up a subject and exhaust it, and there is a gentleman here who will take up that matter from the beginning. The cost is about 2 cents. Mr. Hathaway has come from Michigan, and he has that information, I know.

Mr. UNDERWOOD. I want to ask you this question: Is it not a fact that the present tariff duty on refined sugar is practically prohibitive?

Mr. OXNARD. It is just on the line, because sugar does come in in very small quantities.

Mr. UNDERWOOD. But is it not practically prohibitive?

Mr. OXNARD. No; because it is low enough to let some sugar in.

Mr. UNDERWOOD. But that is a very small proportion?

Mr. OXNARD. Yes, sir.

Mr. UNDERWOOD. It is practically prohibitive?

Mr. OXNARD. No: it is not prohibitive.

Mr. UNDERWOOD. It is practically prohibitive because all the sugar that is imported into this country comes in as molasses or sugar below the 16 Dutch standard.

Mr. OXNARD. Not all.

Mr. UNDERWOOD. Practically all?

Mr. OXNARD. Yes; practically.

Mr. UNDERWOOD. The revenue that is derived by the Government on sugar, then, is not on refined sugar?

Mr. OXNARD. No, sir.

Mr. UNDERWOOD. If we placed the tax that is now on refined sugar on unrefined sugar—that is, the proportionate tax—and removed the differential on refined sugar, would it not largely increase the revenue of the Government?

Mr. OXNARD. It would increase it to the extent of one-eighth of a cent a pound, but it would do this—it would destroy the refining industry and put our refining industries in the hands of foreigners.

Mr. UNDERWOOD. I mean if you put the same tax on refined sugar as on unrefined sugar?

Mr. OXNARD. It would drive out the refineries. That question was put to Mr. Colcock a little while ago, but I do not think he brought out this fact. I am a Louisiana planter as well as a beet sugar planter. It would mean that the Louisiana people would have to go into the business of refining sugar in competition with Europe, where the wages are very low. There is a gentleman coming after me who spent six months in Europe and who has statistics as to wages and the labor question. Louisiana, I can say from what I have seen, can not possibly compete with Germany, and the result would be to transfer the refining to Europe.

Mr. UNDERWOOD. You stated that you did not know the cost of transportation to this country on refined sugar?

Mr. OXNARD. I said that I did not know. I could guess, but there are men here who know better than I do. I have a pretty good idea.

Mr. UNDERWOOD. You do not know that the American Sugar Refining Company could not run with the differential off?

Mr. OXNARD. I am certain they could not.

Mr. UNDERWOOD. On what do you base that statement?

Mr. OXNARD. On the figures that I have referred to as to the amounts paid in the factories of Europe. You will be astounded when you hear them. This gentleman will follow me.

Mr. UNDERWOOD. Then I will wait for the other gentleman.

Mr. FORDNEY. I understood you to say a moment ago, in answer to a question by Mr. Underwood, that raw sugar is now shipped from the Atlantic to the Pacific?

Mr. OXNARD. Refined sugar.

Mr. FORDNEY. He said raw sugar. Is it not true that the refineries on the Pacific coast refine sugar mostly coming from Hawaii and not from Europe?

Mr. OXNARD. That is absolutely so.

Mr. CLARK. You appear here in the dual capacity, as I understand it, of being very much interested in the beet sugar business and also being a cane sugar planter and refiner in Louisiana?

Mr. OXNARD. I am a refiner in the beet sugar sense, too.

Mr. CLARK. I understand. Then you appear in a dual capacity?

Mr. OXNARD. If you want to put it that way.

Mr. CLARK. As far as the beet sugar industry is concerned, the question that Mr. Underwood asked Colonel Colcock and you both was: If we take the tariff off of refined sugar and place it on raw sugar, so far as the producer goes, it would not make a particle of difference?

Mr. OXNARD. Yes, sir. I would not like to be brought into competition with the German producers.

Mr. CLARK. I do not care what you would like, but it would not change one particle the amount of tariff you would get.

Mr. OXNARD. As far as the amount of protection I would get, it would not, but it would put my competitor in the field again.

Mr. CLARK. I understand; but as far as the tariff is concerned, you would be precisely where you are now.

Mr. OXNARD. You would take it off of one side and put it on the other side and, as we are producers of raw as well as refined sugar, the condition remains the same.

The CHAIRMAN. Would it not depend on whether they took off the differential on refined sugar?

Mr. OXNARD. Yes, sir.

Mr. CLARK. Mr. Underwood's theory is to take the differential off the refined sugar and put the same amount on the raw sugar?

Mr. OXNARD. It would ruin Louisiana.

Mr. CLARK. How long have you been running the sugar refinery down there?

Mr. OXNARD. About twenty days.

Mr. CLARK. You have just started?

Mr. OXNARD. Yes, sir. We do not know whether it is going to be a success or not. The practical result would be that the Louisiana people would have to put up a refinery and compete with the refined sugar of Germany. That is what they would have to do.

Mr. CLARK. The reason I asked you that question was to ask you another one. What is the reason they do not build refineries down there and refine this Louisiana, Texas, and Mississippi sugar down there instead of shipping it to New York to be refined?

Mr. OXNARD. The answer to that question is because there is more money in doing it the way it is done now.

Mr. CLARK. That is because the trust has you by the throat?

Mr. OXNARD. That is not my answer.

Mr. CLARK. I know. I am asking you a question.

Mr. OXNARD. If the trust had us too much by the throat, we would undoubtedly take some measure as you suggest, but we do not find it sufficiently exacting to do that. As a matter of dollars and cents, we do not do it.

Mr. CLARK. I know you have not done it. What I would like to see, of course, would be a part of this manufacturing done down there. Colonel Colcock testified here that if they put up a refinery in New Orleans that the sugar trust would meet them even at Vicksburg, and the upshot would be that the trust would cut the throat of the refinery down there and they would have to go out of business. If you had a refinery down there and refined all of the Louisiana, Texas, and Mississippi sugar, would not the freight rate from New York give you advantage enough to compete with the sugar trust in your own territory?

Mr. OXNARD. I think it would. I am here as a beet sugar representative. I take very little interest in that part; my brother attends to it.

Mr. CLARK. Do the beet sugar men contemplate a time when they can stand on their own legs and compete with everybody, or do they look all the time for a high protective tariff to enable them to make sugar at all?

Mr. OXNARD. The sugar beet is being bred up every year, so that we are getting more and more sugar all the time out of good, sweet beets. Science is being devoted to developing a high-grade beet, and they are gradually getting 1 per cent more and 1 per cent more, and every per cent means more pounds of sugar. Some exceptional beets have been produced containing 25 per cent sugar to the weight; a quarter of the whole weight was sugar. My hope is that we will breed the beet just as you have bred the trotters, from 2.40 down to 2 minutes. We are hoping every day to secure that high standard, and when we have obtained it, if that day comes, as I firmly believe it will, we can compete with the whole world.

Mr. CLARK. Is one of the things that keep the American beet sugar man clamoring for a high protective tariff the fact that they have developed the beets there on soil or the way they cultivate them in Europe, so that they produce a greater percentage of saccharine matter than our own beets?

Mr. OXNARD. All the seed we use is imported from Europe, and so we have the same facilities as the sugar producer of Europe.

Mr. CLARK. Does the sugar beet produced in Germany contain a higher percentage of saccharine matter than the sugar beet of Michigan, Colorado, and California?

Mr. OXNARD. With your permission, I will ask Mr. Hathaway to answer that question. He has all those facts. As I said before, each one has taken his part in this tariff discussion, and he has all the specific details.

Mr. CLARK. Is it not true that the reason that they tore down and removed a beet sugar factory from Michigan to Colorado was because the Colorado beets contain so much more saccharine matter than the Michigan beets?

Mr. FORDNEY. No.

Mr. OXNARD. I do not know; you must ask a Michigan man that question.

Mr. CLARK. Then why did they tear down that great big sugar factory in Saginaw?

Mr. OXNARD. It was a very little one, not a big one.

Mr. CLARK. It cost $500,000.

Mr. OXNARD. That is nothing. The Oxnard factory cost $2,500,000.

Mr. CLARK. That is the biggest one in the world?

Mr. OXNARD. The biggest of ours.

Mr. FORDNEY. It was not moved because of the low percentage of sugar in the beet, but because there were too many factories growing up in that particular locality.

Mr. CLARK. If the beets contained more saccharine matter they would have raised more?

Mr. OXNARD. They raise 200,000 tons, a fourth of the production of the United States.

Mr. FORDNEY. The gentleman from Missouri asked you if the difference in the freight rates between New York and New Orleans would not be sufficient to protect any refiners in the South against sugar refined in New York. Is it not true that foreign sugar from Cuba and from Germany can be landed as cheaply at New Orleans as it can be in New York?

Mr. OXNARD. Yes, sir.

Mr. FORDNEY. And is being landed?

Mr. OXNARD. I think, without doubt.

Mr. FORDNEY. So, you are directly in competition with foreign sugar now?

Mr. OXNARD. I did not quite understand his question that way. He spoke of Vicksburg.

Mr. CLARK. I spoke of Vicksburg because Colonel Colcock spoke of it, and because it is so near to New Orleans. He said that they could not compete if they started a refinery in Louisiana or they could not compete with the sugar refinery at Vicksburg. It looks to me like the freight rate from New York to Vicksburg would give you a considerable advantage over them in selling the refined sugar. As a matter of fact, the beet sugar country is west of the Missouri River?

Mr. OXNARD. No; I will not admit that; it is not west of the Missouri River. It is produced there. I would not say it was sold there. The bulk is produced west of the Missouri River.

Mr. CLARK. The bulk of it.

Mr. OXNARD. I think it is sold east of the Missouri River.

Mr. CLARK. The freight rates are counted from Missouri River points and Mississippi River points. Nine-tenths of the beet sugar country is between the Mississippi River and the Pacific coast?

Mr. OXNARD. No; I should not say that. These gentlemen know. As I have said, I have not handled those figures.

Mr. CLARK. What is the sense in shipping beet sugar East and cane sugar West?

Mr. OXNARD. Because there is not a combination, a community of interest. That is the answer to that question. If there was a combination between the refiners of the East and the West, then that would happen. As it is, we go seeking markets everywhere we can in competition.

Mr. CLARK. Has there been any general understanding?

Mr. OXNARD. As to the cane refineries, no sir. I say positively, none.

Mr. FORDNEY. Nearly one-fourth of the sugar is produced in Michigan and some east of the Missouri River.

Mr. GAINES. How many beet sugar producing companies are there?

Mr. OXNARD. There are 63 in operation.

Mr. GAINES. How many different companies own those concerns?

Mr. OXNARD. We have six factories.

Mr. GAINES. About one-eighth of the production?

Mr. OXNARD. This Oxnard factory, that cost $2,500,000 to build, produces more than half of the output of the six.

Mr. GAINES. Can you tell us how many beet sugar producing companies there are in America? I understood there were 63.

Mr. OXNARD. I do not know. I should say, however, that half of that number were different companies, about one-half. Mr. Hathaway says that he will give an exact list.

Mr. GAINES. Do you know how many different companies refine cane sugar?

Mr. OXNARD. You mean in the United States?

Mr. GAINES. Yes, sir.

Mr. OXNARD. No, sir; I should say about a dozen.

Mr. GAINES. Do you know what proportion of the cane sugar production is refined by the so-called trust?

Mr. OXNARD. I should say about 50 per cent. I do not know. I am just giving these statements from memory. They are what I think.

Mr. GAINES. You do not know how many other companies refine the balance?

Mr. OXNARD. I think there are about one dozen refineries in the country.

Mr. CLARK. If you were to invest $1,000,000 in cane sugar lands and $1,000,000 in beet sugar, with the same amount of brains, the same kind of a fellow running both, which would make the more money?

Mr. OXNARD. Whereabouts? Where would you invest the money?

Mr. CLARK. I would invest it down in the cane country; and as to beet sugar, if I were going to pick the place, I would pick Colorado.

Mr. OXNARD. You would pick about right, as far as beet sugar is concerned.

Mr. CLARK. Where would you go with the cane?

Mr. OXNARD. Ship it to New York.

Mr. CLARK. Where would you put the cane factory if you were about to invest $1,000,000 in the business?

Mr. OXNARD. In Louisiana, I might say.

Mr. CLARK. I would like to see it located in Louisiana or Texas.

Mr. OXNARD. There is the best place in this country. I would say unquestionably that the beet sugar investment would be more profitable, having had long experience in both.

Mr. CLARK. Make more profit?

Mr. OXNARD. Yes, sir.

Mr. MCCALL. Will not the tendency toward beet sugar destroy the cane sugar industry in this country?

Mr. OXNARD. I think there is room for both, unless you let all the outlying islands come in with their sugar.

The CHAIRMAN. Refined beet sugar is sold in competition with the American Sugar Refining Company?

Mr. OXNARD. Yes, sir.

The CHAIRMAN. Is there any more difficulty in disposing of the product of American refined cane sugar than beet sugar?

Mr. OXNARD. The beet sugar factories have to sell under the cane a little. As a matter of fact, they do sell for less.

The CHAIRMAN. Than the American Sugar Refining Company?

Mr. OXNARD. Yes, sir; a little bit under them.

The CHAIRMAN. How much?

Mr. OXNARD. About 10 cents a hundred pounds. Twenty to 25 cents a hundred under the cane sugar. I do not think our factories sell as low as that.

The CHAIRMAN. By a similar concession the Louisiana people might refine their own sugar and sell it. Do you see any reason why they can not?

Mr. OXNARD. None on earth, except it is more profitable to do it the way they are doing it, selling it to the trust.

The CHAIRMAN. They are not getting their share?

Mr. OXNARD. This is a free country and they can build a refinery if they feel then can profit by it.

Mr. UNDERWOOD. The reason they do not go into the sugar refining business is the same reason that a good many people do not go into the oil business against the Standard Oil Company; they are afraid to put their money against the immense amount of capital on the other side?

Mr. OXNARD. You would have to answer that question.

Mr. UNDERWOOD. Is not that the fact?

Mr. OXNARD. I would not be sure of it.

STATEMENT OF F. R. HATHAWAY, REPRESENTING THE MICHIGAN SUGAR COMPANY, DETROIT, MICH.

Mr. HATHAWAY. Mr. Chairman and members of the committee, measured from one standpoint, it seems to me that this day is most appropriate to undertake the discussion of this question, because it is a sort of field day for the beet sugar people, and I speak of this, to start with, because it furnishes a concrete fact such as I believe you would like to get hold of. It is the general practice of the beet sugar people to pay the middle of the month for the beets delivered during the preceding calendar month. Yesterday was the middle of the month, and the pay day for the beets is to-day for beets delivered during the month of October. Just before I left home I received drafts on us from our six sugar factories, these drafts to be used to pay the farmers for the beets delivered to our factories during the month of October, and the sum total of those drafts for the six factories was $1,148,000, nearly $200,000 to a factory. That which applies to the beet sugar factories owned by the Michigan Sugar Company applies with equal force to the remaining number to make up the 63 beet sugar factories in the United States. In other words, to-day, the day on which you begin these hearings, there is being paid to the farmers of this country for beets delivered to the beet sugar factories of this country during the month of October in the

neighborhood of $12,000,000 or $13,000,000. That is simply for beets delivered during the month of October. These deliveries will continue during the months of November and December. These deliveries will probably not be quite as high as the October delivery, and probably this pay roll which we are making at the present time constitutes about 40 per cent of the total pay roll we will be called upon to make for beets. This is exclusive of the labor pay roll at each of our factories.

A question came up from one or two of the gentlemen present asking the kind of sugar that we produced, and I knew of no better way of answering that than to wire home and ask them to send me a sample from each of the six factories. I have not opened these samples [exhibiting samples]. They represent the six different factories owned and operated by the Michigan Sugar Company.

Mr. McCall. In other words, the total amount paid for beets in a year would be about $30,000,000?

Mr. Hathaway. Yes, sir; from $25,000,000 to $30,000,000. I would like to have you, if you desire, to look at this sugar. Some people think that beet sugar is different in appearance from that which is made from cane.

The Chairman. It takes an expert to detect the difference between beet sugar and cane sugar?

Mr. Hathaway. Yes, sir. I simply have these samples here so that you can look at them, if you wish.

The Chairman. I think that is what Doctor Wiley said. Of course we have heard something of this sugar question before.

Mr. Hathaway. I appreciate that, Mr. Chairman.

The platform of the Republican party adopted in the year 1896 contained this statement of the position of the party toward the domestic producers of sugar.

Now, I will read the statement or not, as you wish, Mr. Chairman, concerning the party's declaration.

The Chairman. I do not think it is necessary to read it.

Mr. Fordney. It has a splendid tone; read it.

Mr. Hathaway (reads):

We condemn the present administration for not keeping faith with the sugar producers of this country. The Republican party favors such protection as will lead to the production on American soil of all the sugar which the American people use, and for which they pay other countries more than $100,000,000 annually.

The general tariff plank, adopted the same year, was:

We demand such an equitable tariff on foreign imports which come into competition with American products as will not only furnish adequate revenue for the necessary expenses of the Government, but will protect American labor from degradation to the wage level of other countries.

The Republican party, in its national platform adopted in the year 1900, made this declaration:

We renew our faith in the policy of protection to American labor. In that policy our industries have been established, diversified, and maintained. By protecting our home market competition has been stimulated and production cheapened. Opportunity for the inventive genius of our people has been secured and wages in every department of labor maintained at higher rates, higher now than ever before, and always distinguishing our working people in their better conditions of life from those of any competing country.

The platform of the Republican party, adopted in the year 1904, stated:

Protection which guards and develops our industries is a cardinal policy of the Republican party. The measure of protection should always at least equal the difference in the cost of production at home and abroad.

President Roosevelt's message, sent to Congress in December, 1907, contained this statement regarding the position of the Republican party:

This country is definitely committed to the protective system and any effort to uproot it could not but cause widespread industrial disaster. In other words, the principles of the present tariff law could not with wisdom be changed. But, in a country of such phenomenal growth as ours, it is probably well that every dozen years or so the tariff laws should be carefully scrutinized, so as to see that no excessive or improper benefits are conferred thereby; that proper revenue is provided and that our foreign trade is encouraged. There must always be as a minimum a tariff which will not only allow for the collection of an ample revenue, but which will at least make good the difference in cost of production here and abroad; that is, the difference in the labor cost here and abroad for the well-being of the wage worker must ever be a cardinal point of American policy.

The Republican platform of 1908, under which that party has just been returned to power, contains the following statement in its tariff plank:

In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries. * * * Between the United States and the Philippines we believe in a free interchange of products with such limitations as to sugar and tobacco as will afford adequate protection to domestic interests.

It appears from the foregoing declaration of party principles that every platform adopted by the Republican party from 1896 to 1908, both inclusive, contains a party pledge in favor of a protective tariff and that two of them, viz, the platform of 1896 and the platform of 1908, contains specific pledges that the domestic sugar industry shall be protected.

The purpose of such schedule is clearly the protection of the domestic sugar industry of the United States, with a view to the ultimate production on American soil of all the sugar the American people consume.

Has the development of the beet sugar industry in the United States since 1897 justified the enactment of a protective sugar tariff?

When the Dingley law was passed, there were but six sugar factories in the United States, the combined output of which was 40,000 short tons of sugar. To-day there are in active operation 64 beet sugar factories in this country, and their output for each of the past two years has been 480,000 short tons of sugar. This year the output will pass 500,000 tons. It thus appears that during ten years the output of domestic beet sugar has increased more than 1,200 per cent. This output is greater than the domestic cane output, and has become the second largest source of supply from which the people of the United States fill their annual sugar bowl, being exceeded only by Cuba. We to-day produce from beets grown in this country enough sugar to supply all the people of the United States living between the crest of the Rocky Mountains and the Mississippi River.

I will take up the question of where that sugar is marketed if the gentleman from Alabama desires.

Such a development of the industry in the first decade of a protective sugar tariff is little less than wonderful when we stop to think that at the time the Republican party incorporated its first sugar plank in its platform of 1896 there were few farmers who had ever raised sugar beets, no trained agriculturists who could teach them how to raise this crop, no good model by which a factory could be built, few skilled operatives to work in such factories when built, no trained supervisors to teach factory employees, no experienced managers to place in charge of the enterprise, no merchant east of the Mississippi who had ever handled domestic beet sugar, and, to cap the climax, a hostile refining industry anxious to stamp out this new competitor. The most enthusiastic advocate of the sugar plank of 1896 could hardly have expected that within ten years $60,000,000 would be invested in the beet sugar business in this country and that the farmers who raised the beets for the 64 factories would receive annually $25,000,000 for their crop. Such, however, has been the development. The attached table will show the location and size of the different beet sugar factories scattered over the fifteen States in which this industry has taken root.

These tables show the number of companies as well.

Mr. FORDNEY. And the total number of companies?

Mr. HATHAWAY. Yes, sir. It also gives the ownership of each factory.

Mr. BONYNGE. The location of each factory and ownership?

Mr. HATHAWAY. Yes, sir.

Name.	Location.	Daily capacity in beets.
CALIFORNIA.		
		Tons.
Alameda Sugar Company	Alvarado	800
Los Alamitos Sugar Company	Los Alamitos	700
Spreckels Sugar Company	Spreckels	3,000
Union Sugar Company	Betteravia	600
American Beet Sugar Company	Chino	900
Do	Oxnard	2,000
Pacific Sugar Corporation	Visalia	400
Do	Corcoran	600
Sacramento Valley Sugar Company	Hamilton City	700
		9,700
COLORADO.		
American Beet Sugar Company	Rocky Ford	1,100
American Beet Sugar Company	Lamar	600
Do	Las Animas	700
Holly Sugar Company	Holly	600
Holly Construction Company	Swink	1,200
National Sugar Manufacturing Company	Sugar City	500
Great Western Sugar Company	Eaton	600
Do	Greeley	600
Do	Loveland	1,200
Do	New Windsor	600
Do	Longmont	1,200
Do	Fort Collins	1,200
Do	Sterling	600
Do	Brush	600
Do	Fort Morgan	600
Western Sugar and Land Company	Grand Junction	600
		12,500
IDAHO.		
Utah-Idaho Sugar Company	Idaho Falls	1,200
Do	Sugar	1,200
Do	Blackfoot	600
Do	Nampa	750
		3,750

Name.	Location.	Daily capacity in beets.
ILLINOIS.		*Tons.*
Charles Pope	Riverdale	350
IOWA.		
Iowa Sugar Company	Waverley	400
KANSAS.		
United States Sugar and Land Company	Garden City	1,200
MICHIGAN.		
Michigan Sugar Company	Bay City	750
Michigan Sugar Company	Caro	1,200
Do	Alma	750
Do	Carrollton	800
Do	Sebewaing	600
Do	Croswell	600
West Bay City Sugar Company	West Bay City	600
Holland Sugar Company	Holland	400
Owosso Sugar Company	Owosso	1,200
Do	Lansing	600
German American Sugar Company	Bay City	650
Mount Clemens Sugar Company	Mount Clemens	600
Menominee River Sugar Company	Menominee	1,200
St. Louis Sugar Company	St. Louis	600
Continental Sugar Company	Blissfield	600
West Michigan Sugar Company	Charlevoix	600
		11,750
MINNESOTA.		
Carver County Sugar Company	Chaska	600
MONTANA.		
Great Western Sugar Company	Billings	1,200
NEBRASKA.		
American Beet Sugar Company	Grand Island	350
NEW YORK.		
Lyons Beet Sugar Refining Company	Lyons	600
OHIO.		
Continental Sugar Company	Fremont	400
OREGON.		
Amalgamated Sugar Company	La Grande	400
UTAH.		
Amalgamated Sugar Company	Logan	600
Do	Ogden	400
Do	Lewiston	600
Utah-Idaho Sugar Company	Lehi	1,200
Do	Garland	1,200
		4,000
WASHINGTON.		
Washington State Sugar Company	Waverly	500
WISCONSIN.		
Wisconsin Sugar Company	Menominee Falls	500
Chippewa Sugar Company	Chippewa Falls	600
Rock County Sugar Company	Janesville	600
United States Sugar Company	Madison	600
		2,300

Total, 64 factories, with daily slicing capacity of 50,000 tons beets.

The following table, taken from page 5 of Willett & Gray's Weekly Statistical Sugar Trade Journal, December 26, 1907, shows the progress of the beet sugar industry in the United States during the past sixteen years.

I give here the year, the sugar produced in tons of 2,240 pounds, and the number of factories operated each year. I will not read that.

	Sugar produced.	Factories operated.		Sugar produced.	Factories operated.
	Long tons.			*Long tons.*	
1907-8	410,000	63	1899-1900	72,944	31
1906-7	433,010	63	1898-99	32,471	15
1905-6	283,717	53	1897-98	40,399	9
1904-5	209,722	51	1896-97	37,536	7
1903-4	208,135	53	1895-96	29,220	6
1902-3	195,463	44	1894-95	20,092	5
1901-2	163,126	39	1893-94	19,550	6
1900-1901	76,859	34	1892-93	12,018	6

The next general subject to which I wish to call your attention is the necessity for a protective tariff against European sugar.

The average price paid the American farmer for his sugar beets is $5.75 per ton.

Mr. BOUTELL. Where?

Mr. HATHAWAY. That is f. o. b. factory. When he brings them to the factory in his wagon he receives $5.75 a ton.

The CHAIRMAN. How is it where they ship by the railroad?

Mr. HATHAWAY. It depends on the amount he has to pay. We pay all freight in excess of 40 cents per ton. He pays the first 40 cents of the freight.

From a ton of such beets the American manufacturer makes 240 pounds of granulated sugar, such as you have seen this morning. It thus appears that the farmer receives $2.40 per 100 pounds for the sugar in the beet before the manufacturer begins the process of manufacturing.

Mr. MCCALL. Please repeat that statement.

Mr. HATHAWAY. It thus appears that the farmer receives $2.40 per hundred pounds for the sugar in the beet before the manufacturer begins the process of manufacturing. When the farmer unloads his beets at our factory he receives $2.40 a hundred pounds for the sugar that is in those beets.

The present average cost of producing granulated beet sugar in this country ranges from $3.75 per 100 pounds to $4 per 100 pounds.

The beet sugar manufacturer received an average of $4.35 per 100 pounds for his 1907 crop.

That answers your question.

Mr. FORDNEY. That is the sugar in the beet?

Mr. HATHAWAY. No. The beet sugar manufacturer received an average of $4.35 per 100 pounds for his sugar in 1907.

Mr. FORDNEY. I did not understand the statement.

Mr. CLARK. Right there, how much profit does he get?

Mr. HATHAWAY. I gave you his cost of production.

Mr. CLARK. How much does it cost him to produce a hundred pounds of sugar?

Mr. HATHAWAY. From $3.75 to $4 per hundred pounds.

Mr. CLARK. There is a range of 25 cents?

Mr. HATHAWAY. Yes, sir.

Mr. CLARK. And he sells it at $4.35?

Mr. HATHAWAY. Yes, sir.

Mr. CLARK. Then, he either makes a profit of 35 cents a hundred pounds or a profit of 60 cents.

Mr. HATHAWAY. Yes, sir; that is the range.

Mr. DALZELL. That does not include any cost of administration?

Mr. HATHAWAY. What do you mean?

Mr. DALZELL. Interest on capital, and all that sort of thing.

Mr. HATHAWAY. No, sir.

Mr. DALZELL. Insurance and so on?

Mr. HATHAWAY. Yes, sir; insurance.

The CHAIRMAN. How about office employees?

Mr. HATHAWAY. It includes the pay roll, whatever it is.

Mr. DALZELL. Is that included?

Mr. HATHAWAY. Yes, sir.

Mr. UNDERWOOD. You include in that statement all the cost of production except interest on capital?

Mr. HATHAWAY. Except interest on capital. If you will give me an opportunity to read this next paragraph, I think it will answer your question.

The CHAIRMAN. Continue your statement.

Mr. HATHAWAY. In that year there were 63 sugar factories in operation in the United States, and the combined output was 410,000 long tons, or 918,400,000 pounds, making an average of 14,500,000 pounds per factory. The combined daily capacity of these 63 sugar factories is 50,000 tons of beets, or a daily average of 800 tons beets per plant. The cost of erecting an 800-ton factory is $800,000. The site, equipment, and permanent supplies, exclusive of working capital, costs another $100,000, making the total investment, exclusive of working capital, $900,000.

On the 14,500,000 pounds of sugar which the average American factory produced the maximum profit would be 60 cents per 100, or $87,000. If the sugar cost 4 cents a pound to produce, as it does in most cases, the profit would be $50,750. In neither case is any allowance made for depreciation of plant. The year referred to, viz, 1907, was an exceptionally good year; far above the average for the past ten years.

I can not give you any franker statement than that of the exact condition in the country.

In Willett & Gray's Weekly Statistical Sugar Trade Journal, December 26, 1907, page 7, the average Hamburg price of 88° sugar (the form of raw sugar manufactured in Europe) is given as follows:

1900	100 pounds	$2.24
1901	do	1.88
1902	do	1.43
1903	do	1.81
1904	do	2.14
1905	do	2.55
1906	do	1.87
1907	do	2.05

Making the average price of this sugar f. o. b. Hamburg for the eight years in question just $2 per hundred pounds, or 2 cents a pound.

From the same page of the same journal I find the Hamburg price of refined granulated sugar for the same years to be as follows:

1900	100 pounds	$2.64
1901	do	2.29
1902	do	1.79
1903	do	2.11
1904	do	2.55
1905	do	3.00
1906	do	2.31
1907	do	2.40

Making the average Hamburg prices for granulated sugar for these same eight years to be $2.38½ per 100 pounds f. o. b. Hamburg.

I have carefully compared these figures with those given by H. H. Hancock, London, on pages 104 and 105 of the International Sugar Journal, February, 1908, and find that they agree very closely, the maximum difference being 0.05 cents per 100 pounds in any one year, and the average prices shown by Mr. Hancock to be a trifle less than those shown by Willett & Gray.

It appears from the foregoing that the actual selling price of granulated sugar, f. o. b. Hamburg, is less than the amount the American manufacturers pay the farmers for the sugar in the beet before they begin the process of manufacture. Further, that this average Hamburg selling price of granulated sugar is $1.36½ less than the lowest range of average cost to manufacture beet sugar in the United States. It must be remembered that the Hamburg prices above referred to are the selling prices and not the cost prices. They include the first cost of raw material, the cost of manufacturing and the manufacturer's profit, the sum total of which, as stated above, is less than the American manufacturer pays the farmer for the sugar in the beet before he begins the process of manufacture.

If it is urged that the European sugar producer can not afford to sell 88° sugar at an average price of $2 per 100 pounds, and granulated sugar at an average price of $2.38½ per 100 pounds, let it be remembered that during the years in question, namely, from 1900 to 1907, the beet sugar industry of Europe has thrived as never before, as is shown by the following figures, from page 13, Senate Document No. 250, entitled "Production and Commercial Movement of Sugar," compiled by O. P. Austin, Chief of Bureau of Statistics, Department of Commerce and Labor:

1900–1901	tons	6,146,000
1901–2	do	6,913,000
1902–3	do	5,757,000
1903–4	do	6,090,000
1904–5	do	4,923,000

Mr. Austin's figures do not continue after the above-mentioned year, and I take the following statistics as given by the great German statistician, F. O. Licht, in Willett & Gray's Statistical Sugar Trade Journal, January 9, 1908, page 19:

1905–6	tons	6,933,649
1906–7	do	6,717,000
1907–8	do	6,575,000

It will thus be seen that during the eight years in question the European beet sugar crop has increased about half a million tons.

The most celebrated German beet sugar statistician is Mr. F. O. Licht. In his report dated "Magdeburg, December 20, 1907," he

gives the following figures covering the production of sugar in Germany during recent years:

1902–3	tons	1,762,461
1903–4	do	1,927,681
1904–5	do	1,598,164
1905–6	do	2,418,156
1906–7	do	2,239,179

This shows practically a half million tons increase in five years.

Notwithstanding the fact that Europe can produce 88° sugar and sell it profitably at an average price of 2 cents per pound, every sugar producing country in Europe finds it necessary to maintain a protective tariff against cane sugar grown in the Tropics by still cheaper labor.

The highest authority on the present European sugar tariffs is Liste Generale des Febriques de Sucre, the 1907–8 edition of which gives the following as the present European sugar tariffs:

Austria-Hungary, $2.39 per 100 pounds on raw sugar and $3.50 per 100 pounds on refined sugar, to which there is added an additional interior duty of 0.32 cent per 100 pounds refined sugar and 0.30 cent per 100 pounds raw sugar; Russia, raw sugar $6.39 per 100 pounds, refined sugar $8.56 per 100 pounds; Spain, $3.06 per 100 pounds on all sugar; Germany, $1.51 per 100 pounds on all sugar; Italy, $7.70 per 100 pounds on sugar under 94° and $8.67 per 100 pounds on sugar above 94°. On domestic sugar Italy levies a tax of $5.88 per 100 pounds on sugar under 94° and $6.14 per 100 pounds on sugar above 95°; France, $2.36 per 100 pounds; Holland, on 98° sugar and refined sugar $4.82 per 100 pounds, for sugar below 98° 0.27 florin is deducted for each degree, but the tax shall in no case be less than $3.21 per 100 pounds; Belgium, $1.75 per 100 pounds, plus a surtax fixed by the Government, but not to exceed 0.48 cent per 100 pounds; Sweden, refined sugar and that above No. 18 Dutch standard $2.07 per 100 pounds, raw sugar and that below No. 18 Dutch standard $1.43 per 100 pounds. These duties in Sweden are to be gradually reduced until the year 1913, when a minimum shall have been reached at which the duty on refined sugar shall be $1.70 per 100 pounds and on raw sugar $1.10 per 100 pounds.

It will thus be seen that every sugar producing country in Europe maintains a protective tariff against cane sugar.

The CHAIRMAN. Most of those duties are prohibitive?

Mr. HATHAWAY. Very nearly.

The CHAIRMAN. When they get to $3 or $4 a hundred it is practically prohibitive?

Mr. HATHAWAY. Yes, sir.

Mr. CRUMPACKER. Those countries have capacity sufficient to produce all they consume?

Mr. HATHAWAY. Yes, sir. If it is urged that by reason of such protective tariff they are able to sell at a lower rate for export than for home consumption, it must be remembered that it is the price of their export sugar with which we must compete in the United States, and this for the past eight years has averaged $2 per 100 pounds on 88° and at $2.38½ per 100 pounds on granulated sugar.

The CHAIRMAN. Is there any bounty paid by Germany on export sugar?

Mr. HATHAWAY. Not at the present time.

Here is a partial answer to a question that has been asked: The Hamburg freight rates from Europe to the United States do not serve to protect our domestic manufacturers, the rate from Hamburg to New York being from 9 to 10 cents, which is the exact rate which a Michigan sugar manufacturer must pay to ship his sugar 96 miles from Saginaw to Detroit.

Mr. UNDERWOOD. Is there an internal railroad freight?

Mr. HATHAWAY. Yes, sir. If you will ask that question later on, when I get through with this particular part of my statement, I will be glad to answer it.

In contrast with the above-mentioned European tariffs, it may be well to note the various United States tariffs that have been effective during the last fifty years. In 1861, 5 cents per pound. By the tariff of 1862 the rate was reduced to 4 cents; in 1864 it was put back to 5 cents; in 1870 the rate was fixed at 4 cents, at which schedule it remained until 1883, when it was established at 3½ cents, where it remained until the McKinley bill of 1890. By that act the rate of duty was fixed at one-half cent per pound, and a bounty of 2 cents was paid on domestic sugar. In 1894 the Wilson bill established a rate of 40 per cent ad valorem, which was equivalent to nearly 1 cent per pound. This rate remained in effect until the Dingley bill of 1897, the provisions of which will be set forth later on.

Mr. NEEDHAM. All those countries you have mentioned export sugar?

Mr. HATHAWAY. Yes, sir.

Mr. NEEDHAM. What proportion does the United States import from each of those countries?

Mr. HATHAWAY. If you will refer to this pamphlet [exhibiting] it will give you the exact importations.

Mr. UNDERWOOD. There is practically no importation of refined sugar?

Mr. HATHAWAY. It is very slight.

Mr. DALZELL. Is that a Senate document?

Mr. HATHAWAY. Yes, sir.

I wish now to speak of the concessions already made in the sugar schedule of the Dingley bill.

The sugar schedule in the Dingley tariff fixes the rate of duty on 96° sugar as $1.68½. From this amount 3½ cents per 100 pounds is taken for each degree below 96°, and 3½ cents per 100 pounds is added for each degree above 96° until 100°, or refined sugar, is reached, which sugar takes an arbitrary 12½ cents differential, making the duty on refined sugar to be $1.95 per 100 pounds.

This schedule has been submitted to four distinct modifications since its enactment in 1897. The conditions growing out of our late war with Spain have led to these modifications. Hawaii was the first to profit by the war. Prior to 1898 free trade between these islands and the United States depended upon treaty. In that year the islands were annexed to our country and our tariff laws extended to include them. This legislation has worked wonders for those islands. In 1896 the Hawaiian output of sugar was 198,000 tons. (See Senate Document No. 250, p. 95.)

In 1907 the crop was 420,000 tons. (See Willett & Gray's Weekly Statistical Sugar Trade Journal, January 9, 1908, p. 19.) From reliable information recently received, I understand that this year's

crop will be 550,000 tons. It will thus be seen that, under annexation, the crop of Hawaiian sugar has increased from 198,000 tons to 550,000 tons, all of which is admitted free of duty. Surely this increase of 350,000 tons of sugar was not contemplated in the enactment of the Dingley bill of 1897, the provision for it having been made in 1898.

Mr. NEEDHAM. What authority did you say?

Mr. HATHAWAY. A recent conversation with a gentleman very much interested over there.

Mr. NEEDHAM. Have you not any official authority?

Mr. HATHAWAY. The last official authority is, I think, for a year ago, which gives the statement as I have given it here.

Porto Rico came to us by right of conquest—a trophy of the Spanish war. Because of her low wage rate it was at first thought best to maintain a tariff on goods from that island to the United States. This plan was soon abandoned, and the Dingley law was extended around Porto Rico, and our ports thrown wide open to the free admission of her products. Under this stimulus her sugar production has increased from 56,000 tons to 217,000 tons, all of which comes to the United States. Surely the importation of 217,000 tons duty-free sugar from Porto Rico was not contemplated by the original framers of the Dingley bill. What the ultimate production of this island will be it is impossible to estimate.

The Spanish war was no sooner closed by treaty than a campaign was begun for the admission of Cuban sugars into the United States at 50 per cent of the tariff rate. The question came to an issue in Congress in 1902. Fortunately the same political party which declared in 1896 for the protection of the domestic sugar industry was in power and its leaders recognized that men who had already invested $40,000,000 on the strength of that promise had a right to expect its fulfillment. Those who wished the sugar people to foot the generosity bill for the nation were disappointed. Congress failed to grant their request. The following year the fight was renewed. To remove the question from the domain of ethics and place it in the realm of economics it was proposed that the reduction in tariff on goods imported from Cuba should be but 20 per cent and that Cuba should grant a similar reduction from their tariff on articles imported from the United States. The provisions of this arrangement were to be carried out by a five-year treaty to be proclaimed by the President as soon as Cuba complied with the terms of our law. The bill was passed and the treaty made effective December 27, 1903. The friends of the measure claimed that it would not only put Cuba on its feet financially, but would create a great export trade from the United States to that island. The first part of the prophecy has been fulfilled, but not the second.

From Table No. 3 of the United States Annual Report on Commerce for 1907, page 340, the following figures are taken, showing our importations of sugar from Cuba during the first four years of the reciprocity treaty:

	Pounds.
1904	2,819,557,727
1905	2,057,684,169
1906	2,781,901,380
1907	3,236,466,419
Total	10,895,609,695

This sugar averages 96°.

Mr. McCall. Those are the importations from Cuba?

Mr. Hathaway. Yes, sir.

Mr. McCall. You are reading those in pounds?

Mr. Hathaway. Yes, sir; as it is given in the report of the Department of Commerce and Labor. I am glad you called my attention to that. Heretofore the statistics have been given in tons.

Mr. Underwood. Are those long tons?

Mr. Hathaway. Yes, sir; unless specific statement is made to the contrary.

Mr. McCall. How many tons is that a year?

Mr. Hathaway. It will run about 1,250,000 tons.

Mr. McCall. You have been reading the figures as 2,000,000, etc.

Mr. Hathaway. I gave you the exact figures.

Mr. McCall. You said "million?"

Mr. Hathaway. It should be billion. I thank you for calling my attention to it.

The 20 per cent concession amounts to 33.7 cents per 100 pounds, or, on the four years importations, $36,718,204. This amount has been withheld from the National Treasury by the operation of the Cuban reciprocity treaty. Surely the framers of the Dingley bill did not contemplate that 1,440,000 tons of sugar should enter the United States from Cuba yearly at 20 per cent less than the schedule fixed by the law.

A fourth modification of the law was made for the benefit of the Philippines. Sugars entering the United States from those islands received a concession of 25 per cent, and the 75 per cent that is actually collected is returned to the insular treasury; thus, as far as our National Treasury is concerned, establishing free trade with those islands. The framers of the Dingley bill certainly did not contemplate the importation of free or concessionary sugar from the Philippines. The combined effect of these tariff modifications is as follows, the figures being taken from page 10 of Willett & Gray's Weekly Statistical Sugar Trade Journal, January 9, 1908, and from Senate Document 250, compiled by O. P. Austin, Chief of the Bureau of Statistics:

In the calendar year 1897 the total consumption of sugar in the United States was 2,070,987 tons. The production of domestic cane sugar that year was 310,537 tons, of domestic beet sugar 39,684 tons, of domestic maple sugar 5,000 tons, making the total domestic crop to be 355,221 tons, none of which paid the duty. In addition to this Hawaii, operating under a treaty with the United States, shipped us free of duty 232,213 tons, making the total nonduty-paying sugar to be 587,434 tons and leaving as the full duty-paying sugar entering the first calendar year of the Dingley bill to be 1,483,544 tons.

In the calendar year 1907 the total consumption of sugar in the United States was 2,993,979 tons. The domestic cane consumption for that year was 264,969 tons, the domestic beet consumption 375,410 tons, the domestic maple consumption 10,000 tons, and the domestic molasses sugar used was 6,249 tons, making the total domestic consumption to be 656,627 tons. The domestic cane crop for that year was 347,000 tons and the domestic beet crop 410,000 tons, the difference between the crop and the consumption being carried over and used early in the calendar year 1908.

In addition to the above domestic crop we use free of duty 418,102 tons from Hawaii and 212,853 tons from Porto Rico. We also used from the Philippines at 75 per cent of the Dingley rate 10,700 tons, and from Cuba at 80 per cent of the Dingley rate 1,340,400 tons, making a total on which tariff concession is allowed of 1,982,055 tons, leaving a balance of 355,297 tons upon which the full rate of duty was paid. This shows that the tariff concessions granted since the passage of the Dingley bill in 1897 have resulted in increasing the free and concessionary sugar imported into the United States by an amount in excess of 1,100,000 tons. These various concessions have reduced the average rate of duty collected on the sugar entering the United States so that if computed on the sugar originally intended by the framers of the Dingley bill to come in on payment of full duty it at present is only \$1.14½, as against \$1.68½ provided by the Dingley tariff.

The facts, as stated above, are corroborated by to-day's sugar market. The European price for 96° sugar, plus our full duty, is \$4.16 per 100, delivered in New York, whereas the price of the same grade of sugar in Louisiana is \$3.62½ per 100, or \$0.53½ per 100 below the European parity. If this \$0.53½ is subtracted from the full rate of duty, viz, \$1.68½, it leaves \$1.15 as the measure of protection now enjoyed by the domestic sugar producers.

It would thus appear that the general sugar schedule has been cut practically one-third by the various specific modifications that have been made since 1897. It will also be noted that the average tariff at the present time is only about 20 per cent of the Morrill tariff of 1861. It is probable that no other schedule in the entire list can show a reduction of four-fifths from the rate fixed by the tariff of 1861 or a reduction of one-third from the rate fixed by the tariff of 1897.

Probably no decade in the history of the United States, other than that affected directly by war prices, will show a general advance in the price of the various necessities of life as that through which we have just passed. It is, therefore, interesting to note how the price of sugar has been affected. In 1896, the last year of the Wilson bill, when the rate of duty was 40 per cent ad valorem, the average New York price of refined sugar was \$4.53 per 100 pounds; in 1907 it was \$4.65 per 100 pounds, an increase of only 12 cents per 100 pounds in the decade mentioned. It would be difficult, indeed, to find any other necessity of life that has shown so small an increase in price. The most potent factor in keeping down the price of refined sugar is the domestic beet sugar, a sufficient amount of which is now produced to supply all the people living between the crest of the Rocky Mountains and the Mississippi River. This sugar is marketed at an average price considerably below the standard price of granulated cane sugar and comes upon the market at a time to produce the greatest effect in lowering the price of Cuban raws, and thus establishing a lower value upon which to base the price of eastern cane sugar.

CUBA.

The position of the Cubans on the question of modifying the present sugar schedule is set forth by Edwin F. Atkins in a pamphlet entitled "Tariff Relations with Cuba—Actual and Desirable," Publication No. 565, issued by the American Academy of Political and Social Science.

The following quotation is taken from page 64 of that pamphlet:

While the present differential duty of .34 cent per pound has proved sufficient to protect Cuba in the United States markets against the lower-cost sugars of Europe and Java, she can not long compete with our domestic sugars against the duty she is now paying of 1.35 cents per pound. As long as the island is prosperous and under some form of United States control, a republican government may be maintained; but should her great sugar industry be made unprofitable, either by cancellation of the treaty or by long continuance of the present high duty against her sugar, revolution, fed by her unemployed, is sure to result in the future, as it has under similar circumstances in the past. Revolution would be followed by a third and final occupation by the United States, by annexation, and finally by abolition of all duties. Whether such a condition is desirable in the near future, either for the United States or for Cuba, is open to grave doubt, but no government in any form, other than one of military force, can be maintained unless the people are given a "square deal," and allowed to benefit through their own industry.

To put the sugar industry of Cuba upon a sound basis does not require the removal of duties here, or such drastic measures as would prevent a fair and just return to our beet sugar and other producers upon their invested capital. But these interests are no longer dependent upon the present high Dingley rates—a liberal reduction can now be made in our sugar schedules; and by continuing the present differential of 34 cents per 100 pounds our large and increasing export trade to the island can be held, through maintaining its leading industry in a sound and healthy condition.

Will our domestic producers allow such reduction, or will they, by pursuing the former policy of Spain, risk all, and bring about the very conditions of free trade which they are so anxious to avoid?

It will be observed that Mr. Atkins admits that the present differential duty enjoyed by Cuba, viz, 34 cents per 100 pounds, is ample to protect the interests of Cuba, except in so far as they are threatened by the increased production of beet sugar in the United States. He wishes the total sugar schedule decreased, while the present differential extended to Cuba shall remain the same, for the purpose of curtailing the production of beet sugar in the United States and extending the cane-sugar production of Cuba. In case his request is not granted, he not merely prophesies, but threatens, a revolution in Cuba which will force the annexation of that island and cause ultimate free trade between Cuba and the United States. The mere statement of this proposition, made by an American citizen in the defense of his expatriated American dollars, should be sufficient. I can not believe that the honorable members of this committee will give much weight to such an argument, especially in view of the fact that every statement of Republican principles in every national platform from 1896 to 1908 pledges the Republican party to the maintenance of a tariff which shall develop the domestic sugar industry of the United States so that the sugar which we need in this country shall be grown upon our own soil.

It may not be amiss, however, in this connection to call attention to the actual figures showing our trade with Cuba during the first four years in which the present reciprocity treaty with Cuba has been in effect.

The following figures, compiled from Table No. 3 of the United States Annual Report on Commerce for 1907, page 340, show the sugar importations from Cuba:

1904	pounds	2,819,557,727
1905	do	2,057,684,169
1906	do	2,781,901,380
1907	do	3,236,466,419
Total	do	10,895,609,695

Cuban sugar averages 96°. The 205 per cent concession on this sugar amounts to 33.7 cents per 100 pounds, or, on the four years' importations, $36,718,204. This amount has been withheld from the National Treasury by the operation of the Cuban reciprocity treaty. In 1904 our total importations from Cuba amounted to $76,983,418. In 1907 they were $97,441,690, an increase of $20,458,272.

In 1904 our exports to Cuba were $27,377,465. In 1907 they were $49,305,274, an increase of $21,927,809. (See Monthly Summary of Commerce and Finance, June, 1907, page 2572.)

It will be seen from these figures that in order to increase our exports to Cuba $22,000,000 we have not only been obliged to buy $20,000,000 more goods from Cuba, but have, during the same time, donated to the Cubans from our National Treasury $36,000,000.

It would appear that the concessions we have already granted Cuba have not resulted in any material trade benefit to the United States. The principal effect of these concessions has been to deprive the United States annually of $9,000,000 revenue.

Mr. UNDERWOOD. In speaking of these various concessions, did it reduce the cost of sugar to the consumer?

Mr. HATHAWAY. I am comparing prices with the prices under the Wilson bill.

Mr. UNDERWOOD. Can not you compare the prices under the Dingley bill before the new tariff went into effect?

Mr. HATHAWAY. The new Territory came in in 1898, before we had had very much of the Dingley bill.

Mr. UNDERWOOD. But sugar had not then come in?

Mr. HATHAWAY. Oh, yes.

Mr. UNDERWOOD. Sugar was coming from Hawaii all the time. It made no difference in the sugar from Hawaii. Sugar did not begin to come in from Porto Rico until 1900. It is not coming from Hawaii now. The law with relation to the concession in Cuba was not enacted until 1902, so that you may make a comparison with that.

Mr. HATHAWAY. Oh, yes; I can do that and will submit it if you care to have it.

The CHAIRMAN. In relation to the cost and tariff on sugar, do you take into consideration the imported sugar from other countries than Cuba, and do you also take into consideration the sugar from Hawaii and Porto Rico?

Mr. HATHAWAY. We had both of those when the Dingley bill was passed.

The CHAIRMAN. Do you take that into consideration in making your estimate?

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. Of course the price of sugar is only affected by the tariff on the sugars imported which pay a tariff. These other sugars from Hawaii and Porto Rico might be regarded as domestic, as compared with the duties paid on sugars coming from foreign countries.

Mr. HATHAWAY. I can not agree with you about that, Mr. Chairman.

The CHAIRMAN. I would like to have you show, before you get through, the comparative changes in prices under these various laws, and what was the effect on the sugar market.

Mr. HATHAWAY. I will prepare and submit a brief on that subject.

Mr. McCALL. And also submit at the same time the question as to whether it is the Hamburg price.

Mr. HATHAWAY. It is not.

Mr. McCALL. I want you to consider that question.

Mr. HATHAWAY. Well, that is a long story. One would have been led to believe so from the publication of Mr. Atkins recently made, but his premises are somewhat incorrect.

Mr. McCALL. You claim that the price in Hamburg is not the price in New York?

Mr. HATHAWAY. It is not. The figures absolutely prove that it is not.

Mr. McCALL. Please submit that also.

Mr. HATHAWAY. I will do so.

Mr. CRUMPACKER. Is the New York price greater than the Hamburg price, plus the duty, or is it lower?

Mr. HATHAWAY. It is lower. Do you refer to the average price under the four years concession?

Mr. CRUMPACKER. Yes, sir.

Mr. HATHAWAY. It is 18.17 cents per hundred lower than the Hamburg price, plus the full duty.

Mr. CLARK. I think it is not quite fair in making your statement to transfer this from one side to the other. This was not before the Dingley bill passed.

Mr. HATHAWAY. It is since 1876.

Mr. CLARK. In Hawaii they knew that the sugar treaty was not going to be renewed, and there was not any prospect of their having to pay a tariff on Hawaiian sugar.

Mr. HATHAWAY. The point which I endeavored to make is that at the present rate at which they are developing the sugar industry in Hawaii and the rate at which it has been developed during the past ten years, knowing that they were annexed to the United States and that nothing should separate them, has resulted in a very much more rapid increase of the industry than it was during the preceding years, when their free trade depended upon treaties.

Mr. CLARK. You think that is right?

Mr. HATHAWAY. I do; capital has gone over there to a great extent.

Mr. CRUMPACKER. You have referred to Mr. Atkins in your remarks in relation to Cuba. Does he live in Cuba?

Mr. HATHAWAY. No, sir; he is in Boston.

Mr. UNDERWOOD. You did not refer to the reduced price in Cuba?

Mr. HATHAWAY. I did in answering Mr. Crumpacker.

Mr. UNDERWOOD. I did not hear that.

Mr. HATHAWAY. I said that the average price in this country during the last four years, because of the concessions, was 18.17 cents per hundred below the European price.

Mr. UNDERWOOD. Did the consumer get the benefit of it?

Mr. HATHAWAY. The concession was 34 cents. The consumer gets the benefit of 16 cents.

Mr. UNDERWOOD. He only got a certain portion of it?

Mr. HATHAWAY. Yes, sir.

(At this point the committee took a recess until 2 p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
November 16, 1908.

STATEMENT OF MR. F. R. HATHAWAY (Continued).

Mr. HATHAWAY. Mr. Chairman and members of the committee, I have but one other section of this paper which I wish to present to you, and then I will be glad to receive your questions.

SPANISH V. AMERICAN MARKETS FOR PHILIPPINE SUGAR.

There is a very general impression that the fiscal laws of the United States are such that the acquisition of the Philippines by the United States has deprived those islands of a Spanish market for their sugar. A statement of the facts will show that this opinion is entirely incorrect. Spain was never a market for Philippine sugars. This statement is made on the authority of the Department of Agriculture of the United States, and is established beyond any controversy by the official statistics.

The people of the United States purchased from the Philippines, in the four years 1903 to 1906, inclusive (which of course covers a period after the islands became a possession of the United States), more sugar than the people of Spain had purchased from the Filipinos in the half century from 1849 to 1898, when Spain lost those islands. One hundred and thirty-four thousand one hundred tons were purchased from the Philippines in that four years by the United States, while but 119,188 tons were purchased by the whole of continental Europe, including, of course, Spain, during the fifty years preceding the American occupation of the archipelago. The people of all continental Europe, including the Spanish people, purchased but 2.2 per cent of the total sugar exported from the Philippine Islands during the half century from 1849 to 1898.

On the authority of Bulletin No. 14 of the Department of Agriculture of the United States, issued in 1898, this statement is made:

> Spain during the entire ten years preceding American occupation purchased but 1.7 per cent of the total Philippine exportation of sugar.

The United States, in the year ending June 20, 1905, according to the official figures given of imports into the United States, purchased 60 per cent more sugar from the Philippine Islands than Spain had purchased for ten entire years preceding American occupation.

Why was it that Spain did not furnish a constant market for the sugar from the Philippines? The reason lies in the fact that the United States actually levies less tax than did Spain, and moreover that we continue to give, as provided by the law of March 8, 1902, every dollar of duty we collect on Philippine imports back into their insular treasury.

The Spanish law of June 30, 1882, provided for a duty of 12 pesetas per 100 kilograms ($1.05 per 100 pounds) on sugar above No. 14 Dutch standard, when entering Spain from Cuba and Porto Rico, and one-fifth of this amount on Philippine sugar entering Spain, provided in all cases the sugar was shipped in Spanish bottoms.

This law provided for an annual reduction of 10 per cent in this duty until the entire duty should be extinguished, July 1, 1892. Before these duties could be extinguished, under the operation of this tariff law of 1882, the tariff law of December 31, 1891, was passed, which provided that sugar from Cuba, Porto Rico, and the Philippines should be admitted free of duty, but that all such sugar should be subjected to the so-called provisional tax of 8.8 pesetas and a municipal tax of 8.8 pesetas per 100 kilograms, which make a combined internal-revenue tax of 17.6 pesetas per 100 kilograms, or $1.54 per 100 pounds. This law continued in effect one year, when it was superseded by the law of 1892, which, while admitting free of duty the sugar from Cuba, Porto Rico, and the Philippines, subjected such sugar to an internal-revenue tax of 33½ pesetas per 100 kilograms, or $2.94 per 100 pounds. The same law of 1892 subjected domestic sugar to an internal-revenue tax of 20 pesetas, thus placing the sugar of Cuba, Porto Rico, and the Philippines, when received in Spanish bottoms, under a handicap as compared with domestic sugars of 13½ pesetas per 100 kilograms, or $1.18 per 100 pounds.

The full tax, as provided by the Dingley law, on 96° sugar is $1.68½ per 100 pounds. For each degree sugar tests below 96, 3½ cents per 100 pounds is deducted from the full rate. Muscovado sugar (the kind the Filipinos produce) tests 82°, or 14° below 96, The full tariff on such sugar imported into the United States would therefore be $1.20 per 100 pounds. From this tariff the Filipinos enjoy a deduction of 25 per cent, leaving the net tariff on Philippine sugar entering the United States 90 cents per 100 pounds. And be it remembered that every dollar collected by the United States on Philippine imports of whatever nature is returned to the Philippine treasury.

It thus appears that Spain taxed sugar imported from the Philippines $2.94 per 100 pounds, and discriminated in favor of her domestic sugars to the extent of $1.18 per 100 pounds and kept the money, while the United States taxes, under the present laws, sugar coming from the Philippines into this country 90 cents per 100 pounds and returns the money.

It would not appear from the foregoing that the United States has treated its Filipino wards either ungenerously or unfairly, but that it has already extended to that people—by the modification of its tariff laws—a more favorable market for their sugar in the United States than was ever furnished by Spanish markets.

That closes what I had prepared for your consideration.

The Chairman. I want to ask you about the sugar coming from the Philippine Islands. It has been stated heretofore that that sugar was shipped when the price was high, and before it got here the price had dropped down so low that they actually lost money on the importations into the United States. Do you know anything about that?

Mr. Hathaway. I could not answer the question definitely with regard to any given shipment. I know that they continue to ship some sugar to the United States each year.

The Chairman. I have not examined the statistics. You say that they continue to ship some?

Mr. Hathaway. Yes.

The Chairman. How much did they ship in last year?

Mr. Hathaway. Ten thousand seven hundred tons.

The CHAIRMAN. How much the year before?

Mr. HATHAWAY. I can not give you that offhand.

Mr. MCCALL. Do you know how much was shipped to Spain last year?

Mr. HATHAWAY. None. I can give you what was done with the Philippine sugar last year, I think. I will submit it to you if you wish.

The CHAIRMAN. We may ask you some questions you have already answered in your statement.

Mr. HATHAWAY. The total exports from the Philippine Islands for the years 1906 and 1907 were 101,283 tons, of which, speaking in round numbers, there were shipped to the United Kingdom 11,000 tons; to the United States, Atlantic ports, 8,700 tons, and to the Pacific ports 2,000 tons, making the 10,700 tons that I spoke of; to Japan 3,600 tons; to China through Hongkong 38,000 tons, and to China through other ports 37,000 tons, and for use in Manila 500 tons, making 101,000 tons.

The CHAIRMAN. That was the total of the crop, was it not?

Mr. HATHAWAY. No, sir; that was the export crop.

The CHAIRMAN. It approximates it, does it not?

Mr. HATHAWAY. No, sir; the statistics issued by the department show that the annual consumption in the Philippine Islands is 80,000 tons. I have not looked that up for a number of months, however.

The CHAIRMAN. Do you know what the price of sugar at Hamburg is to-day, or was yesterday, or was recently?

Mr. HATHAWAY. What kind of sugar, sir? The last quotation I saw—I have not had an opportunity to look at the market for a few days—was $4.16 f. o. b. New York, duty added.

The CHAIRMAN. I did not catch the year for which you gave the price of sugar at Hamburg.

Mr. HATHAWAY. I gave it to you for eight years, the average for eight years, beginning with the year 1900.

The CHAIRMAN. The average for eight years?

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. How much was that?

Mr. HATHAWAY. The average on 88° sugar is 2 cents a pound, $2 a hundred, f. o. b. Hamburg. The average for granulated sugar, which they report as first-mark sugar, was $2.38½ a hundred.

The CHAIRMAN. Then within those eight years there were three or four years when there was the very lowest price that sugar ever was sold at, were there not?

Mr. HATHAWAY. Some years were quite low.

The CHAIRMAN. What other years do you think sugar was so low?

Mr. HATHAWAY. I could not give you offhand what they were. I am speaking of the eight years I had the figures for.

The CHAIRMAN. What year do you say?

Mr. HATHAWAY. I was giving the figures from 1900 to 1907, both inclusive.

The CHAIRMAN. You take 1901 and 1902; it was $1.80. The next year it was $1.70; the next year $1.04, according to this report, and the next year $2.55.

Mr. HATHAWAY. Excuse me, but in those three years you mention the producer received a bounty of 27 cents a hundred, which can be added to that.

The CHAIRMAN. They are all within the eight years you speak of?

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. The fact is that the highest price was in 1899 or 1900. Did you quote that year? Was that year included, 1899 and 1900?

Mr. HATHAWAY. The years that I have here are the calendar years, beginning with January 1, 1900.

The CHAIRMAN. You took this from Mr. Austin's report, I understand you?

Mr. HATHAWAY. No, sir; I told you my reference is to Willett & Gray's Weekly Statistical Sugar Trade Journal for January 9, 1908, page 7.

The CHAIRMAN. Austin takes his figures from Willett & Gray. I understood you took those figures from Mr. Austin's report.

Mr. HATHAWAY. Not those figures on prices. Mr. Austin uses these same reports, however.

The CHAIRMAN. And I say that prior to 1901 sugar never went below 2 cents. More frequently it was 3. I only wanted to get that clear before the committee, so that the committee could refer to it. I think I will have printed this table in Mr. Austin's report.

Mr. HATHAWAY. It is a very good table, indeed.

(The table referred to is here printed in the record as follows:)

The world's production of beet and cane sugar and average price per pound from 1871 to 1906.

Year.	Beet.	Cane.	Total.	Import price.[a]
	Tons.	*Tons.*	*Tons.*	*Cents.*
1871-72	1,020,000	1,599,000	2,619,000	5.37
1872-73	1,210,000	1,793,000	3,003,000	5.35
1873-74	1,288,000	1,840,000	3,128,000	4.95
1874-75	1,219,000	1,712,000	2,931,000	4.35
1875-76	1,343,000	1,590,000	2,933,000	4.04
1876-77	1,045,000	1,673,000	2,718,000	4.91
1877-78	1,419,000	1,825,000	3,244,000	5.06
1878-79	1,571,000	2,010,000	3,581,000	4.16
1879-80	1,402,000	1,852,000	3,244,000	4.18
1880-81	1,748,000	1,911,000	3,659,000	4.41
1881-82	1,782,000	2,060,000	3,842,000	4.41
1882-83	2,147,000	2,107,000	4,254,000	4.37
1883-84	2,361,000	2,323,000	4,684,000	3.61
1884-85	2,545,000	2,351,000	4,896,000	2.67
1885-86	2,223,000	2,339,000	4,562,000	2.84
1886-87	2,733,000	2,345,000	5,078,000	2.50
1887-88	2,451,000	2,465,000	4,916,000	2.75
1888-89	2,725,000	2,263,000	4,988,000	3.21
1889-90	3,633,000	2,069,000	5,702,000	3.28
1890-91	3,710,000	2,555,000	6,265,000	3.03
1891-92	3,501,000	2,852,000	6,353,000	2.98
1892-93	3,428,000	3,045,000	6,473,000	3.09
1893-94	3,890,000	3,490,000	7,380,000	2.92
1894-95	4,792,000	3,530,000	8,322,000	2.15
1895-96	4,315,000	2,830,000	7,155,000	2.29
1896-97	4,954,000	2,864,000	8,818,000	2.01
1897-98	4,872,000	2,898,000	7,770,000	2.24
1898-99	4,977,000	2,996,000	7,973,000	2.28
1899-1900	5,510,300	2,904,000	8,414,000	2.92
1900-1	6,146,000	3,502,000	9,648,000	2.26
1901-2	6,913,000	4,080,000	10,993,000	1.80
1902-3	5,757,000	4,164,000	9,921,000	1.70
1903-4	6,090,000	4,244,000	10,334,000	1.94
1904-5	4,923,000	4,637,000	9,560,000	2.65
1905-6[b]	7,215,000	4,958,000	12,173,000	--------

[a] Import price of sugar not above No. 16 Dutch standard.
[b] Provisional estimates of Messrs. Willett & Gray, New York.

The CHAIRMAN. Have other members of the committee any questions?

Mr. UNDERWOOD. You made a comparison this morning of conditions that existed before the enactment of the Dingley bill into a law, in 1897, and the conditions that existed after the concessions were made to the Philippine Islands and Porto Rico, and I asked you then to make a comparison of those conditions with the conditions after the enactment of the Dingley bill.

Mr. HATHAWAY. To what year do you refer?

Mr. UNDERWOOD. None of the concessions were made or were under operation by 1900, were they?

Mr. HATHAWAY. No, sir. Excuse me, the concession to Hawaii was in operation then.

Mr. UNDERWOOD. Leaving out Hawaii, because there was no real concession made by the tariff—the American flag had gone over Hawaii, but there was no advantage in the tariff schedule—we had free trade before that time and free trade afterwards—in 1900 the concession to Porto Rico or the Philippine Islands had not been made, and I would like for you to compare the price of sugar for the year 1900, before the concessions were made, with the price after the concessions had been made.

Mr. HATHAWAY. The average price of granulated sugar in 1900 was $5.32 per 100 pounds.

Mr. UNDERWOOD. $5.32?

Mr. HATHAWAY. Yes. Now, what do you want that compared with?

Mr. UNDERWOOD. Compare that with 1906, before the panic conditions came on.

Mr. HATHAWAY. It was $4.51½ per 100 pounds, a drop of about 80 cents per 100 pounds.

Mr. UNDERWOOD. You contend that that condition was brought about in the American market by reason of these concessions?

Mr. HATHAWAY. Not entirely.

Mr. UNDERWOOD. What other conditions entered into it?

Mr. HATHAWAY. The crop abroad for the corresponding years.

Mr. UNDERWOOD. Were there any importations of refined sugar in those years that justify that conclusion?

Mr. HATHAWAY. It is not necessarily the question of the importation of refined sugar. It is as well the importation of raw sugar.

Mr. UNDERWOOD. Then, in reality, the competition that the sugar interests have in this country is with the American Sugar Refining Company?

Mr. HATHAWAY. It is with the refined sugar from any source whatever.

Mr. UNDERWOOD. But as a practical proposition there is no refined sugar which comes from any other source, is there?

Mr. HATHAWAY. What?

Mr. UNDERWOOD. There is no refined sugar imported into this country from any other source, is there?

Mr. HATHAWAY. No, sir; the American Sugar Refining Company does not refine all the sugar that is refined in this country.

Mr. UNDERWOOD. It does refine the bulk of it?

Mr. HATHAWAY. About 55 or 60 per cent of it.

Mr. UNDERWOOD. But the competition is with the American refineries of cane sugar?

Mr. HATHAWAY. Largely, sir.

Mr. UNDERWOOD. And it is not competition from abroad?

Mr. HATHAWAY. There is, under present conditions, comparatively little refined sugar that enters into the United States from abroad. There are certain years when a little has come in.

Mr. UNDERWOOD. Is there any year since these concessions to Porto Rico and the Philippine Islands became operative that the price of sugar has been equal to that in the year 1900, before they became operative?

Mr. HATHAWAY. Will you state that question once more?

Mr. UNDERWOOD. Is there any year since the concessions became operative when the price of sugar in this country was equal to the price of sugar in 1900, at the time before they became in operation?

Mr. HATHAWAY. No, sir; the nearest approach to it was in the year 1905, when the price of refined sugar was 2 cents higher—the average price was between 2 and 3 cents per hundred pounds higher—than it was in 1900.

Mr. UNDERWOOD. Between 2 and 3 cents per hundred?

Mr. HATHAWAY. Between 2 and 3 cents per hundred pounds; yes, sir. To be exact, it was 3.6 cents per hundred pounds.

Mr. UNDERWOOD. You stated in your statement that the cost of bringing refined sugar from Hamburg to this country, I believe, amounted to 9 cents a hundred pounds.

Mr. HATHAWAY. I said the freight was that.

Mr. UNDERWOOD. The freight was that. What additional cost is there besides the freight?

Mr. HATHAWAY. I suppose the insurance and dockage.

Mr. UNDERWOOD. What will that amount to?

Mr. HATHAWAY. I can not answer that question.

Mr. UNDERWOOD. How far from the port of Hamburg, in the interior, are the German sugars manufactured?

Mr. HATHAWAY. I can not give you the exact distance; but the prices I am quoting are the f. o. b. Hamburg prices.

Mr. UNDERWOOD. Do you know the cost of the freight from the manufactory in Germany to the seaport?

Mr. HATHAWAY. I do not, because the quotations are always given f. o. b. Hamburg.

Mr. UNDERWOOD. Do you know the cost in Germany of refined sugar—beet sugar?

Mr. HATHAWAY. No, sir; I have given you the selling price.

Mr. UNDERWOOD. You have not got the cost?

Mr. HATHAWAY. I have not the cost. There will be another gentleman who will appear here who I think can give you some idea of the relative wages paid in the factories there and here; but as to the actual cost of the production, I can not give you that. It is very difficult to ascertain.

Mr. UNDERWOOD. What is the name of the company you represent?

Mr. HATHAWAY. The Michigan Sugar Company.

Mr. UNDERWOOD. That has six factories?

Mr. HATHAWAY. Yes.

Mr. UNDERWOOD. Some in Michigan and some in Colorado?

Mr. HATHAWAY. No, sir; all in Michigan.

Mr. UNDERWOOD. Has that company any connection whatever with the American Sugar Refining Company?

Mr. HATHAWAY. No, sir.

Mr. UNDERWOOD. Is there any agreement between the refining companies—the companies that refine cane sugar and beet sugar refineries—as to the maintenance of prices?

Mr. HATHAWAY. No, sir.

Mr. UNDERWOOD. It is an open competition and a free market?

Mr. HATHAWAY. Yes, sir.

Mr. UNDERWOOD. Then, as a matter of fact, the competition that you mean does not come from the beet sugar interests of Germany or the European sugar interests, but the competition which you meet comes from the importation into this country of the raw sugar, largely coming from Cuba; is that it?

Mr. HATHAWAY. The competition which we meet?

Mr. UNDERWOOD. I mean the foreign competition. You have the American competition, but the foreign competition grows out of the importation of raw sugar from Cuba?

Mr. HATHAWAY. It grows out of the importation not only from Cuba, but anywhere else. Given the price of raw sugar, the price of refined sugar will range somewhere from 70 cents to a dollar a hundred above the price of raw sugar. If you cut down the price of raw sugar, the price of refined sugar usually follows it.

Mr. UNDERWOOD. The great bulk of the importation of sugar into this country to-day comes from Cuba, does it not?

Mr. HATHAWAY. Yes, sir.

Mr. UNDERWOOD. So that is the base where the refiners of America get the cane sugar from abroad to compete with the sugar here?

Mr. HATHAWAY. The principal other cane sugar which they get is from Java.

Mr. UNDERWOOD. The amount of that is very small?

Mr. HATHAWAY. About 300,000 tons annually.

Mr. UNDERWOOD. And the amount of raw sugar that comes from Cuba is how much?

Mr. HATHAWAY. I gave it you here in pounds, sir. I will give it to you again.

Mr. UNDERWOOD. It is something like 1,600,000 tons, is it not?

Mr. HATHAWAY. No, sir. From Table No. 3 of the United States annual report on commerce for 1907, page 340, the following figures are taken, showing our importations of sugar from Cuba during the following years: 1904, 2,819,000,000 pounds; 1905, 2,057,000,000 pounds; 1906, 2,781,000,000, and 1907, 3,236,000,000 pounds.

Mr. UNDERWOOD. You have not reduced those quantities to tons?

Mr. HATHAWAY. No, sir.

Mr. UNDERWOOD. So that you can not state it in that way?

Mr. HATHAWAY. Not offhand.

Mr. UNDERWOOD. If we were to reduce the differential on refined sugar and increase the duty correspondingly on raw sugar, what effect would that have on the beet sugar interests of the country?

Mr. HATHAWAY. It is problematical. It would be very difficult for me to answer that question.

Mr. UNDERWOOD. Would not that receive as much protection?

Mr. HATHAWAY. I said it was problematical, and you will understand that my answer is an expression of personal opinion.

Mr. UNDERWOOD. I would like to have your opinion on that question.

Mr. HATHAWAY. It would prevent, in my opinion, a competition in granulated sugar, so that we would have not merely the American sugar refined here, if any were refined, but also the refined sugar from abroad. We would have a competition here resulting from imported refined sugar.

Mr. UNDERWOOD. In that competition from abroad the sugar, whether refined or raw sugar, would have to pay the same tax as it pays now?

Mr. HATHAWAY. Very true.

Mr. UNDERWOOD. And under the tax it pays now—the tax is practically prohibitive—there is practically no importation of refined sugar into this country now?

Mr. HATHAWAY. That is true.

Mr. UNDERWOOD. If the same amount of tax were levied in a different way, it would still be prohibitive, would it not?

Mr. HATHAWAY. It might.

Mr. UNDERWOOD. And I want to know if that would not have a tendency to develop the sugar industry in this country without increasing the cost to the consumer, by changing the schedule?

Mr. HATHAWAY. I do not know whether it would or not.

Mr. UNDERWOOD. That is all I wanted to ask you.

The CHAIRMAN. Are there any further questions?

Mr. CRUMPACKER. Mr. Hathaway, how does the domestic price of sugar in Germany compare with the export price?

Mr. HATHAWAY. It is much higher.

Mr. CRUMPACKER. What occasions that difference?

Mr. HATHAWAY. The tariff and the cartel.

Mr. CRUMPACKER. Yes; so then does the export price fairly represent the cost of production?

Mr. HATHAWAY. It may not; but it represents the price with which American sugar must compete.

Mr. CRUMPACKER. Yes; under the present law.

Mr. HATHAWAY. Under existing circumstances; yes, sir.

Mr. CRUMPACKER. Does the German Government grant any concessions in the way of rebates of freight?

Mr. HATHAWAY. I do not know.

Mr. CRUMPACKER. You are not informed upon that question?

Mr. HATHAWAY. No, sir.

Mr. CRUMPACKER. In relation to the profit that the farmer gets out of beets, how many tons to the acre is the average yield?

Mr. HATHAWAY. In Michigan the average yield is about from 9 to 10 tons per acre.

Mr. CRUMPACKER. Nine to 10 tons?

Mr. HATHAWAY. Yes; going back over the records since we started.

Mr. CRUMPACKER. And the farmer averages about $50 an acre from his beet crop?

Mr. HATHAWAY. About $5.75 a ton, $50 to $60 an acre.

Mr. CRUMPACKER. Fifty dollars to $60 is the average, you think?

Mr. HATHAWAY. Yes, sir.

Mr. CRUMPACKER. Beets have to be hand cultivated, largely?

Mr. HATHAWAY. Yes, sir.

Mr. CRUMPACKER. And farmers largely grow beets in connection with other products?

Mr. HATHAWAY. Always.

Mr. CRUMPACKER. How large areas do the farmers usually cultivate?

Mr. HATHAWAY. I am very glad you asked that question. I overlooked it. The average size of a contract we make with a Michigan farmer ranges between 3.9 acres and 4 acres; practically 4 acres.

Mr. CRUMPACKER. From 3.9 acres to 4 acres?

Mr. HATHAWAY. Yes, sir. In other words, we have from 1,700 to 2,000 farmers growing beets for each factory.

Mr. CRUMPACKER. Do your factories own any land and cultivate any beets?

Mr. HATHAWAY. We have one small farm, which we use for experimental purposes only.

Mr. CRUMPACKER. Do you find any difficulty in contracting with the farmers for a sufficient quantity of beets to keep your mills in operation?

Mr. HATHAWAY. We have less and less difficulty every year. At the present time we have about 80 per cent of our clientage that remains with us from one year to the next as a permanent force.

Mr. CRUMPACKER. Do women and children in Michigan cultivate beets?

Mr. HATHAWAY. To a very small extent in certain limited areas, especially in the vicinity of Bay City and Saginaw, where there is a large Polish population.

Mr. CRUMPACKER. In Germany women and children cultivate the crop of beets.

Mr. HATHAWAY. I understand so.

Mr. CRUMPACKER. The sugar content is much higher in Germany than in this country.

Mr. HATHAWAY. Yes; I understand so.

Mr. CRUMPACKER. Is their ton yield per acre greater in Germany?

Mr. HATHAWAY. The official statistics say so.

Mr. CRUMPACKER. They cultivate and farm more intensively and fertilize more also, there?

Mr. HATHAWAY. I suppose so. May I interrupt your questions just a moment? I think there are some gentlemen here who may possibly be heard later who have recently visited the German beet fields, and who may have more exact information than I have. My knowledge on that point is largely from reading.

Mr. CRUMPACKER. Do you think, in view of our industrial conditions in this country, that the beet sugar industry can develop so as to supply practically all of the consumption here?

Mr. HATHAWAY. I do not doubt it, sir.

Mr. CRUMPACKER. That is all.

Mr. FORDNEY. How many farmers are raising beets in the State of Michigan?

Mr. HATHAWAY. About 30,000.

Mr. FORDNEY. And in the neighborhood of 130,000 acres of land, then, are planted in that crop?

Mr. HATHAWAY. Yes, sir; 120.000 to 130,000 acres.

Mr. FORDNEY. Which yields them about $60 an acre?

Mr. HATHAWAY. From $50 to $60 an acre.

Mr. FORDNEY. It has been stated many times here before Congress at various hearings that it costs from $25 to $30 per acre to produce beets and deliver them to the factory.

Mr. HATHAWAY. My estimate of the labor cost in the production of beets is about $33 to the acre.

Mr. FORDNEY. Thirty-three dollars?

Mr. HATHAWAY. I am judging from my own experience in raising them.

Mr. FORDNEY. Is it not true that the percentage of sugar beets in Michigan has increased since the industry started?

Mr. HATHAWAY. The general tendency is upward.

Mr. FORDNEY. As they become better acquainted with the work?

Mr. HATHAWAY. And pursue better lines of farming.

Mr. FORDNEY. On the same point as the question asked by Mr. Crumpacker, the only employment that women and children are put to in the raising of beets in the United States is that of thinning the beets, and not cultivating them?

Mr. HATHAWAY. That is true.

Mr. FORDNEY. Just thinning them?

Mr. HATHAWAY. Usually in the month of July.

Mr. FORDNEY. That is all.

Mr. GAINES. You said, as I understood, in answer to a question of Mr. Crumpacker, that the export price of German sugar was less than the home price in Germany—the domestic price there?

Mr. HATHAWAY. Yes, sir.

Mr. GAINES. How much is the difference; do you know?

Mr. HATHAWAY. I can not give you the exact data at the present time, but I think there are gentlemen who will follow me who can give you very accurate information on that.

Mr. GAINES. Somebody else is going to take that up?

Mr. HATHAWAY. I would rather have you get the exact fact than my understanding of the fact.

Mr. CLARK. What is there about the cultivation of sugar beets that makes them so much more expensive to cultivate than corn and tobacco, and things like that?

Mr. HATHAWAY. Sugar beets are sowed in continuous rows, about 18 or 20 inches apart, about 15 to 18 pounds of seed being used on an acre. When the beets come up they come up in a continuous row. Then when the plant is about finger high, we go through with a short-handled hoe, and cut across the rows, leaving little islands of beets, each 10 inches. Then, having done that, we must get down and pull out of those islands all save the most healthy beet. The first process we call blocking and the second thinning. It is expensive because it must be done by hand. We cultivate those beets, and after having cultivated them they must be hoed in order to get the weeds out of the row itself. The distance between the rows being much less than the distance between the rows of corn, it requires hand labor. Then when it comes to the harvesting, each individual beet has to be pulled from the ground. First a lifter, something like a two-pronged plow, is used, and then each individual beet has to be loosened by hand and the top cut off.

Mr. CLARK. They have to be cultivated?

Mr. HATHAWAY. We cultivate them; yes, sir. We go over them about five times during the summer.

Mr. CLARK. There is not much more labor in cultivating an acre of beets than in cultivating an acre of tobacco, is there?

Mr. HATHAWAY. I am not posted on the cultivation of tobacco. I do not like to give information on things I do not know about.

Mr. CLARK. You say the cost of labor in raising an acre of beets is about $33?

Mr. HATHAWAY. That is about the price.

Mr. CLARK. Let me ask you this, solely for information; has not the Department of Agriculture been experimenting on some kind of a theory by which they can reduce this labor cost?

Mr. HATHAWAY. Yes, sir.

Mr. CLARK. They have not succeeded yet?

Mr. HATHAWAY. No, sir.

Mr. CLARK. Does anybody know how much land in the United States is available for raising sugar beets?

Mr. HATHAWAY. According to the agricultural reports, it is practically unlimited.

Mr. CLARK. You can raise them anywhere?

Mr. HATHAWAY. No, sir; it depends largely upon climatic conditions and soil conditions.

Mr. CLARK. There is one other question which, if the committee will excuse me, I would like to ask. What is the reason that the sugar beet raised in Illinois, where there is the richest soil in the United States, has a small quantity of saccharine matter? It does not do any good in Illinois and it does not do any good in Missouri.

Mr. HATHAWAY. I can not answer that question, sir. I think you will probably get an opportunity of asking that question of Mr. Saylor, who is an expert on that line.

Mr. CLARK. I asked that just as a matter of curiosity.

Mr. HATHAWAY. I was in hopes Mr. Underwood would say something about the question of freights into the interior of the United States.

Mr. UNDERWOOD. I overlooked that. I am glad you called my attention to it. You stated in your direct statement that the sugar interest that is located in the West and Northwest produces a sufficient amount of sugar to supply the territory between the Mississippi River and the Rocky Mountains, I believe? That is your natural territory to supply with sugar, is it not, according to the freight rates? That is, you can reach that territory cheaper by freight than you can other territory, can you not?

Mr. HATHAWAY. Now, you are speaking of the United States beet crop as a whole, or are you speaking of that produced in Michigan?

Mr. UNDERWOOD. I am speaking of the beet crop as a whole.

Mr. HATHAWAY. Thank you. While it is true that a sufficient amount of granulated beet sugar is now produced in the United States to supply all the people from the Rocky Mountains to the Mississippi River, it is equally true that beet sugar is put on the market only about six or seven months of the year. There is a little carried over in the high altitudes of Colorado. In order to sell that product in the six or seven months of the year that it is on the market, it must be brought much farther east than is indicated in your question. In fact, beet sugar finds a market as far eastward as central Pennsylvania and New York. The larger part of the crop is marketed in Michigan, Indiana, Illinois, Ohio, and western and central New York.

Mr. UNDERWOOD. It does not reach as far east as the seaboard?

Mr. HATHAWAY. Not to any extent.

Mr. UNDERWOOD. The freight rate protects you to that extent?

Mr. HATHAWAY. I am glad you asked that question. Sugar is refined at the following principal points in the United States: Boston, New York Harbor, Philadelphia, Baltimore, New Orleans, and San Francisco. The trade conditions compel each of those refineries to market the major portion of its output as near the refinery as possible. Now, when you go into the New England States the price of sugar is based on the Boston price, plus the freight from Boston. If you go into the Southern States, the price is based on the New Orleans price, plus the freight from New Orleans. That is, the delivered price is based on that. Now, we must pay the freight and compete with that price. Take Pittsburg, which is a large market for beet sugar. Pittsburg takes a price 16½ cents above the Philadelphia price—the f. o. b. Philadelphia price—the freight rate from Philadelphia being 16½ cents, as against 18½ cents from New York; so that the Pittsburg price is 16½ cents above the Philadelphia price. When we sell in Pittsburg we must prepay the freight from Michigan to Pittsburg, which in this particular case is 17 cents. Moreover, when we enter the Pittsburg market, instead of selling at the eastern price our sugar is put upon the market at 10 cents to 25 cents a hundred pounds less than the Pittsburg price of eastern sugar.

Mr. UNDERWOOD. Why 10 cents to 25 cents less than the eastern price?

Mr. HATHAWAY. I am very much obliged for that question, because it brings up an interesting thought. In the first place, we can only furnish sugar for about six or seven months of the year. The eastern refiner can furnish it the year around. In the next place we only manufacture granulated sugar. The eastern refiner makes all grades of sugar—granulated, cube, powdered, soft sugars, and everything of the kind. We can only compete with him in the granulated market. To induce that jobber to buy his granulated sugar from us, while he buys his other grades of sugar from the eastern man, we must needs make him a concession in the price.

Mr. UNDERWOOD. Why can you not sell your sugar all the year around, like the other people? Does not your sugar stand storage as well as the cane sugar?

Mr. HATHAWAY. Thank you. The cane sugar which is stored is not, as a usual thing, granulated sugar. It is stored in a raw state, and the granulated sugar that is put by the eastern refiner upon the market is a fresh granulated sugar. If you store that granulated sugar in a moist climate it will in the course of a few months lose its granulation, so that it becomes a coffee-A sugar, and loses in price from the price commanded by a granulated sugar to the price commanded by a coffee-A sugar. Now, the only place where it has been found you can successfully store granulated sugar the year around is in the high and dry altitudes of Colorado and Utah. They can store sugar there and it does not become moist. To avoid the dog days in the summer, through which we do not wish to carry our sugar, we move it as I have just indicated.

Mr. UNDERWOOD. You are protected, though, in the western markets from the competition both of the cane sugar producers and any foreign competition by reason of a railroad rate that is in your favor?

Mr. HATHAWAY. Now, you are speaking of the beet sugar in general?

Mr. UNDERWOOD. Yes.

Mr. HATHAWAY. May I call your attention to this fact: That Colorado has a population of only 500,000 people, and her consumption of sugar is only 17,000 tons. When you get as far east as the Mississippi River you equalize freights with the eastern man. In other words, your freight and the eastern man's freight are practically the same.

Mr. UNDERWOOD. But the Michigan producer of sugar is very much nearer that market which covers that field.

Mr. HATHAWAY. Which market do you mean?

Mr. UNDERWOOD. The Mississippi River market.

Mr. HATHAWAY. I beg your pardon, but we can not get there at all. The freight rate to many of the points on the Mississippi River is actually greater than the freight rate from either New Orleans or New York.

Mr. UNDERWOOD. That is a question of freight rates.

Mr. HATHAWAY. It is a question of facts. I will give you some illustrations. For instance, take St. Louis. The freight rate from New Orleans to St. Louis is 18 cents. We pay 18 cents. This year was the first year we have ever been able to get in there for 18 cents. The freight rate from Louisville to New Orleans is 18 cents, with a 2-cent rebate, published in the tariff, while it costs us 18 cents to get to Louisville, and Louisville is twice as far from New Orleans as it is from Michigan.

Mr. UNDERWOOD. That is due to the freight rate, and that may be corrected and should be corrected.

Mr. HATHAWAY. We have tried to get those rates corrected, and we can not.

Mr. GAINES. It is due to water competition at Louisville?

Mr. HATHAWAY. Yes, sir.

Mr. CRUMPACKER. That is a good argument for inland waterways.

Mr. HATHAWAY. I will give you another illustration bearing on that. The freight rate on Michigan sugar moving south, crossing the Ohio River, for 100 miles into the State of Kentucky, is more than it is from New Orleans to the same point, 800 miles.

Mr. UNDERWOOD. How much of your sugar that you produce in Michigan do you sell in the immediate territory, the immediate neighborhood?

Mr. HATHAWAY. You mean in the State of Michigan itself?

Mr. UNDERWOOD. In the close-lying territory—surrounding?

Mr. HATHAWAY. I wish you would define that a little more.

Mr. UNDERWOOD. I will ask you this: What is the zone, what is the size of the zone, in which you sell your sugar?

Mr. HATHAWAY. In which we operate?

Mr. UNDERWOOD. In which you operate. I mean for the bulk of your sales.

Mr. HATHAWAY. You say the Michigan Sugar Company, now?

Mr. UNDERWOOD. Yes.

Mr. HATHAWAY. Michigan, Ohio, Indiana, Illinois, western Pennsylvania, and western New York.

Mr. UNDERWOOD. Within that zone in which you mostly operate, what is the advantage of freight rates you have over sugar coming from the Atlantic seaport?

Mr. HATHAWAY. The average difference is from one-fourth to one-third of the differential at which we sell our sugar below the eastern sugar.

Mr. UNDERWOOD. I do not understand your answer. Could you give it to me in figures—how much a pound?

Mr. HATHAWAY. We figure it always on the hundredweight.

Mr. UNDERWOOD. On the hundredweight; yes.

Mr. HATHAWAY. The average freight rate on which we operate in the territory in which we deal is about 5 cents a hundred pounds to our advantage.

Mr. UNDERWOOD. Therefore you have that much advantage over the imported sugar in that zone?

Mr. HATHAWAY. Provided we could sell at the imported sugar price, but we are underselling that sugar by about 20 cents a hundred, leaving us at a disadvantage of about 15 cents a hundred.

Mr. UNDERWOOD. Is beet sugar used for all the purposes for which cane sugar is used?

Mr. HATHAWAY. Yes, sir.

Mr. UNDERWOOD. The only disadvantage is the inability to store it during the year?

Mr. HATHAWAY. And I told you we could furnish only one grade of sugar, granulated sugar.

Mr. UNDERWOOD. Yes. That is all.

[From Willett & Gray's Weekly Statistical Sugar Trade Journal, January 9, 1908.]

Consumption of sugar in the United States.

	1907.	1906.	1905.
	Long tons.	*Long tons.*	*Long tons.*
Melting of the four ports	1,948,000	1,902,000	1,783,000
Of which were domestic from Louisiana crop	29,650	24,954	29,484
	1,918,350	1,967,046	1,756,516
Meltings of foreign sugar through New Orleans	241,153	159,217	145,806
Meltings of foreign sugar through Galveston		3,714	4,300
Foreign refined through Galveston, New Orleans, and interior ports	219	956	311
	2,159,722	2,130,933	1,906,933
Export of raw sugars from Atlantic ports	737		
Export of refined sugars from Atlantic ports	5,420	4,540	4,464
Total exports to be deducted	6,157	4,540	4,464
Consumption of foreign sugar through Atlantic ports	2,153,565	2,126,393	1,902,469
Consumption of foreign sugar through San Francisco	183,787	155,206	153,623
Total consumption of sugar from foreign countries and insular possessions	2,337,352	2,281,599	2,056,092
Louisiana cane crop consumed during year	252,968	254,947	322,522
Texas cane crop consumed during year	12,000	13,000	12,000
United States beet sugar consumed during year	375,410	300,317	220,722
United States maple sugar consumed during year	10,000	6,000	9,000
Molasses sugar made in United States from foreign molasses	6,249	8,150	11,880
Total consumption of domestic sugar	656,627	582,414	576,124
Total consumption of all sugar in the United States	2,993,979	2,864,013	2,632,216

Consumption per capita is 77.54 pounds in 1907, 76.1 pounds in 1906, 70.5 pounds in 1905, 75.3 pounds in 1904, 70.9 pounds in 1903, 72.8 pounds in 1902, 69.7 pounds in 1901, 66.6 pounds in 1900, 61 pounds in 1899, 60.3 pounds in 1898, 63.5 pounds in 1897, 60.9 pounds in 1896, 64.23 pounds in 1895, 66.64 pounds in 1894, 63.83 pounds in 1893, 63.76 pounds in 1892, 67.46 pounds in 1891, 54.56 pounds in 1890, 52.64 pounds in 1889, 54.23 pounds in 1888, 53.11 pounds in 1887, 52.55 pounds in 1886, 49.95 pounds in 1885, and 51 pounds in 1884.

Total consumption of United States:

1907, as above, 2,993,979 tons; increase, 4.538 per cent.
1906, as above, 2,864,013 tons; increase, 8.806 per cent.
1905, as above, 2,632,216 tons; decrease, 4.876 per cent.
1904, as above, 2,767,162 tons; increase, 8.531 per cent.
1903, as above, 2,549,643 tons; decrease, 0.642 per cent.
1902, as above, 2,566,108 tons; increase, 8.169 per cent.
1901, as above, 2,372,316 tons; increase, 6.868 per cent.
1900, as above, 2,219,847 tons; increase, 6.826 per cent.
1899, as above, 2,078,068 tons; increase, 3.750 per cent.
1898, as above, 2,002,902 tons; decrease, 3.287 per cent.
1897, as above, 2,070,978 tons; increase, 6.747 per cent.
1896, as above, 1,940,086 tons; decrease, 0.495 per cent.
1895, as above, 1,949,744 tons; decrease, 3.129 per cent.
1894, as above, 2,012,714 tons; increase, 5.606 per cent.
1893, as above, 1,905,862 tons; increase, 2.832 per cent.
1892, as above, 1,853,370 tons; decrease, 1.016 per cent.
1891, as above, 1,872,400 tons; increase, 22.963 per cent.
1890, as above, 1,522,731 tons; increase, 5.767 per cent.
1889, as above, 1,439,701 tons; decrease, 1.205 per cent.
1888, as above, 1,457,264 tons; increase, 4.620 per cent.
1887, as above, 1,392,909 tons; increase, 2.736 per cent.
1886, as above, 1,355,809 tons; increase, 8.109 per cent.
1885, as above, 1,254,116 tons; increase, 0.140 per cent.
1884, as above, 1,252,366 tons; increase, 7.006 per cent.
1883, as above, 1,170,375 tons; increase, 10.286 per cent.
1882, as above, 1,061,220 tons; increase, 6.813 per cent.
1881, as above, 993,532 tons.

Average increase for twenty-six years, 4.479 per cent.

NOTE.—There were no importations of sugar in 1907 at any ports in the United States except New York, Boston, Philadelphia, Baltimore, New Orleans, Galveston, San Francisco, Chicago, Detroit, Cincinnati, and Puget Sound.

RECAPITULATION.

	1907.	1906.	1905.
Total consumption of sugar in United States.............tons..	2,993,979	2,864,013	2,632,216
Compared with preceding year—increase.............do....	129,966	231,797	*134,946
Do ....per cent..	4.538	8.806	*4.876
Consumption consisted of:			
Domestic cane (Louisiana and Texas).............tons..	264,968	267,947	334,522
Domestic beet.............do....	375,410	300,317	220,722
Maple.............do....	10,000	6,000	9,000
Molasses sugar.............do....	6,249	8,150	11,880
Total domestic.............do....	656,627	582,414	576,124
Hawaii (cane).............do....	418,102	343,857	376,497
Porto Rico (cane).............do....	212,853	193,978	124,928
Philippine Islands (cane).............do....	10,700	41,900	14,673
Cuba (cane).............do....	1,340,400	1,165,994	1,101,611
Total on which tariff concession allowed.............do....	1,982,055	1,745,729	1,617,709
Total foreign on which full duty assessed.............do....	355,297	535,870	438,383
Of which foreign raw cane.............tons..	347,509	357,057	412,560
Of which foreign raw beet.............do....	6,780	175,827	22,161
Of which foreign refined beet.............do....	949	2,734	1,844
Of which foreign cane.............do....	59	252	1,818
Amount refined by American Sugar Refining Co.............do....	1,401,061	1,408,508	1,325,692
Amount refined by independent refiners.............do....	1,064,827	1,031,831	939,557
Amount refined by beet sugar factories.............do....	375,358	300,059	220,477
Amount refined by Hawaiian cane factories.............do....	1,674	16,964	17,292
Amount refined by foreign refiners.............do....	1,008	2,986	3,662
Total amount refined sugar.............do....	2,843,928	2,760,343	2,506,680
Percentage of refined sugar manufactured by American Sugar Refining Co.............per cent..	49.27	51.03	52.89
Percentage of refined sugar manufactured by independent refiners.............per cent..	37.44	37.38	37.48

* Decrease.

RECAPITULATION—Continued.

	1907.	1906.	1905.
Percentage of refined sugar manufactured by beet sugar factories.....per cent..	13.19	10.87	8.79
Percentage of refined sugar manufactured by Hawaiian cane factories.....per cent..	.06	.61	.69
Percentage of refined sugar manufactured by foreign refiners.....per cent..	.04	.11	.15
Consumed in raw or plantation state.....tons..	150,051	103,670	125,536
National Sugar Refining Co. production (included with independent refiners).....tons..	306,000	326,000	296,000
Average difference between raw and refined.....per pound..	$0.893	$0.829	$0.978

STATEMENT OF MR. CARMEN N. SMITH.

Mr. SMITH. Mr. Chairman and gentlemen of the committee, I represent the Owasso Sugar Company, a Michigan corporation operating two sugar factories in the State of Michigan—one at the city of Owasso, with a capacity of 1,200 tons of beets daily, and one at the city of Lansing, with a capacity of 600 tons daily. The company is capitalized for $1,250,000, but has an actual investment in the State of Michigan of over $2,000,000 in the beet sugar business. The money was invested almost entirely by Pittsburg and Philadelphia individuals. We have been engaged in the sugar business now for five years. I appear at this hearing for the purpose of expressing the conviction that it is absolutely essential to the success or continuance of the beet sugar business in Michigan—at least so far as I am acquainted with it—that the present tariff rates should at least be maintained as they now are; and I am firmly convinced, in order that the business may be particularly prosperous or expand, that there ought to be an additional duty levied on sugar; but we do not come here for the purpose of asking that, although I understand that in the demand for a revision of the tariff and the promise that the tariff shall be revised it is entirely possible that this revision might in some instances bring an increased rate of duty on some items of the schedule.

I wish to call the attention of the committee to one fact. The investment which our company made in the sugar business was one which was made on the invitation and urgent advice of the United States Government through its Department of Agriculture; and also it was based upon the recognized policy of the administration and the party in power of protecting and encouraging domestic or home industries. If it had not been for this encouragement and for the pledge made by the Republican party in its platform, and the reliance that we had upon the continuance of the policy of protection, I am certain that this particular investment never would have been made. It is an unfortunate fact that ever since the investment was made and we commenced doing business one of the most urgent demands upon our time and attention has been for the resisting of efforts made in the Congress of the United States, not with malice, but, as we believe with the certain result, if successful, of hampering or destroying this industry. It has seemed a little to us like a breach of faith, and if the money had gone to the people who made the representations I should feel a little as if we had ground for an action for

obtaining money under false pretenses. But that is a little aside from the subject-matter. The principal thing I want to impress upon this committee is this, that at least as much protection as we now have is absolutely necessary in order to enable the beet sugar companies to do business and simply to survive. The only way in which that can be demonstrated—and it seems to me it ought to cover the whole question—is this: What does it cost the average beet sugar factory in the United States to make its finished product? In the case of our company, we having been operating for five years, I can say that the figures presented here by Mr. Hathaway, from \$3.75 to \$4 per hundred, are too low.

It has cost our company on an average a little over \$4 a hundred to make its finished product since we have been in business. Of course in different years the cost varies according to the abundance of supplies, the length of time we can run, and the quality of the beets, but the average is a little over \$4 per hundred. The average selling cost for the past five years was given by Mr. Hathaway as \$4.35 a hundred. In some cases the sugar factories have been able to sell in more advantageous markets than others, but I think an average of \$4.35 to \$4.40 would practically represent the net return from what we have manufactured and the average that the sugar factory has manufactured. That leaves a margin of profit which must pay all the interest and returns on the investment, all the depreciation in the plant, of 40 cents a hundred pounds. We have a maximum protection under the Dingley tariff of \$1.68½ per hundred. Now, if you wish to encourage capital to remain employed in this business, how much possible reduction on the present Dingley tariff could be made, unless you wished to cut the throat of this industry, unless you wished to drive it out of existence? I think it must be perfectly evident to every member of this committee and to every man who considers for one instant the question of protecting and encouraging business in this country that we absolutely can not stand any reduction of the present tariff. We have already suffered from the generous way in which we have treated Cuba. We have submitted to a 25 per cent reduction for our friends, the Philippines. We are asked to do more. I am not willing to take second place to anyone in the recognition of the obligation we owe to all these provinces upon which we have enforced our guardianship, but I do not believe that that all ought to be paid by any one industry. I believe we can be generous after being just, and I believe that the possible development of the beet sugar industry in this country to a point where we can furnish, together with the cane growers of the South, all the sugar consumed here is worth the serious attention and the honest consideration of Congress at every stage of this investigation.

I did not come intending to give any statistics. I think the danger generally is in these investigations that the committee is buried under statistics and unable to get out; but I have stated what I believe to be the real question involved, that if we wish this industry to continue it must certainly not receive any unfavorable consideration in determining the tariff schedule.

Mr. UNDERWOOD. What is the difference in the price of sugar in the zone in which you operate—the price at which you sell sugar and the price of Hamburg sugar with the tariff and the freight transportation added?

Mr. SMITH. We are obliged to sell sugar, Mr. Underwood, on the basis of the New York quotations made by the cane refiners, less what has come to be recognized as the differential between cane and beet sugar—that is 10 cents a hundred. That is the recognized differential; it is frequently less.

Mr. UNDERWOOD. But you can add the freight rate from New York to your zone?

Mr. SMITH. True; but we ship quite a large portion of our product to a point where we have to pay as much freight as or more than we add from New York. But the difference is at present on Hamburg sugar about 55 cents, I think.

Mr. UNDERWOOD. Can you give me the figures—can you estimate it there? I am asking for information. What is the price of Hamburg sugar in the zone in which you operate, that is the present Hamburg price, ocean freight, domestic freight, and insurance added, which of course would be the selling price here, with the broker's commission added?

Mr. SMITH. Our friends, the refiners, have been engaged in a little war for which the beet sugar people are paying the expenses, largely, during the last few days, and I do not know what their price on sugar is just now.

Mr. UNDERWOOD. That is the reason I asked you, because I presume that the competition you are meeting is from the cane sugar interests.

Mr. SMITH. Entirely.

Mr. UNDERWOOD. Who are refining raw Cuban sugar; and I wanted to get before the committee, if I could, what the competition would be from Hamburg sugar with the freight rate, insurance, and broker's charges added, if the competition did come that way, which I recognize it does.

Mr. SMITH. If the competition did not come from Cuba?

Mr. UNDERWOOD. Yes; if you had competition from Hamburg, say to-day, or whatever day at his time you know the price, can you give the committee the Hamburg price of sugar, add the ocean freight rate and the insurance, and the domestic freight rate to the zone in which you largely operate, and give us that?

Mr. SMITH. Yes; I could do that if I knew what the Hamburg price is to-day. Perhaps some of these sugar gentlemen can give it to me. What is it, Mr. Willett?

Mr. WILLETT. $4.40 a hundred, delivered in New York.

Mr. SMITH. $4.40. That includes the ocean freight then, of course.

Mr. UNDERWOOD. Is that being sold in New York now, the Hamburg sugar?

Mr. SMITH. I think there has been no sugar shipped from Hamburg for several months.

Mr. WILLETT. No imports, but the quotations are made every day, and the quotation to-day is $4.40 in New York.

Mr. UNDERWOOD. What is the freight from New York, per hundred pounds, to the zone in which you operate?

Mr. SMITH. We cover all the territory from Chicago to Pittsburg and Buffalo. That varies from 16 to 20 cents a hundred.

Mr. UNDERWOOD. The freight from New York?

Mr. SMITH. Yes, sir.

Mr. UNDERWOOD. Then that would make it somewhere between $4.56 and $4.60?

Mr. SMITH. Yes, sir.

Mr. UNDERWOOD. That is Hamburg sugar. Now, what are you selling your sugar at in that territory?

Mr. SMITH. We are not selling it. We are waiting until these refiners get through their fight.

Mr. UNDERWOOD. Before the fight came on, what were you selling it at?

Mr. SMITH. We were selling it on a basis of \$4.70, New York, which would be \$4.86, say, delivered, New York.

Mr. UNDERWOOD. \$4.70 in New York?

Mr. SMITH. That is, cane sugar. That would be \$4.80, cane sugar, \$4.70 beet sugar.

Mr. UNDERWOOD. But that is the New York price?

Mr. SMITH. That is all based on the New York price with the freight added. So when I say \$4.70, New York, I mean at a Michigan point bearing a 16 cent rate, we would add that to the \$4.70 rate in New York, and the price in Detroit, which has a 16½ cent freight rate, on the \$4.70 New York basis, would be \$4.86½.

Mr. UNDERWOOD. You would be selling the sugar at \$4.86½ in Detroit?

Mr. SMITH. Yes, sir.

Mr. UNDERWOOD. And in Detroit what would be the price of Hamburg sugar at \$4.40, New York?

Mr. SMITH. At \$4.40, with the freight rate added, it would be \$4.56½.

Mr. UNDERWOOD. It would be \$4.56, New York; the Hamburg sugar would?

Mr. SMITH. On to-day's price, yes, sir. But if we were obliged to sell to-day we would have to meet that price.

Mr. UNDERWOOD. I understand. There is a difference of 32 cents to the advantage of Hamburg sugar. You stated that there is no importation of German sugar into this country, I believe.

Mr. SMITH. When I gave you an illustration of the market price in Detroit I was referring to the market as it was thirty days ago, before this lunacy broke out in New York. To-day we would be obliged to sell at—what is the New York market to-day?

Mr. WILLETT. \$4.55 net, to-day.

Mr. SMITH. We would be obliged to sell for \$4.61½ then, in Detroit, as compared with this \$4.56½, which has been given as the basis of Hamburg sugar. It would be only 5 cents difference.

Mr. UNDERWOOD. The advantage you have by reason of your location would then amount to 4½ cents a hundred?

Mr. WILLETT. May I explain that the German granulated sugar which is quoted from day to day is what is called first class, which is not suitable for consumption in the United States. The value is about 25 cents a hundred less than the value of cane sugar, and 15 cents a hundred less than that of beet sugar.

The CHAIRMAN. I will ask you a question or two. I understood you to say that in the last three years you had gotten about \$4.35 for your product?

Mr. SMITH. Yes; somewhere between \$4.35 and \$4.40.

The CHAIRMAN. That was 40 per cent, or thereabouts, below the price of the cane sugar sold in the same territory?

Mr. SMITH. No; the average has not been more than 15 cents less than the cane sugar.

The CHAIRMAN. Fifteen cents less?

Mr. SMITH. Fifteen cents a hundred. The recognized differential is 10 cents.

The CHAIRMAN. During the period spoken of by Mr. Hathaway when the Hamburg price averaged 2 cents a pound?

Mr. SMITH. Yes, sir.

The CHAIRMAN. That is all I want to ask. I can not make those figures agree some way.

Mr. CLARK. It has been stated on the authority of the chemist of the Agricultural Department that nobody can tell this beet sugar from the cane sugar. If that is so, why do you have to sell it at a lower price?

Mr. SMITH. The difficulty, Mr. Clark, in introducing any new product in competition with a standard, recognized product has always been met in the first instance by a lower price. I believe that beet sugar is absolutely chemically identical with cane sugar.

Mr. CLARK. I know; and that is exactly what puzzles me about it.

Mr. SMITH. At the same time, when they first commenced to market beet sugar in this country there was a prejudice against it, which was fostered by the dealers in cane sugar. The dealers in beet sugar were advised that beet sugar was inferior in quality and was not as salable, and a prejudice was created against it which was even fostered at that time by the cane sugar refiners refusing to furnish the grocers with their sugar if they handled beet sugar. For some time that sort of a war was made against the beet sugar industry, and in order to induce dealers to handle beet sugar it was necessary to sell it at a lower price; and having started in to do that, is is next to impossible to ever recover and get back on the same basis.

Mr. CLARK. Do you suppose that one housewife out of a thousand in the United States ever inquires of the groceryman when she wants refined sugar whether it is beet sugar or cane sugar?

Mr. SMITH. I should say not.

Mr. CLARK. If that is the case, the fellow that buys the beet sugar and sells it, the groceryman, is doing a better business and a wiser business for himself than the fellow who buys and sells the cane sugar?

Mr. SMITH. Sure; he makes more money on it. He sells it at the same price as cane sugar.

Mr. CLARK. And they have been able to get up this prejudice against beet sugar and keep it up all these years, and still keep it up?

Mr. SMITH. We have been unable to get the price back. I do not know why it is. If you can suggest any way, and put it into this bill, we will be glad to take it in lieu of an increase in the tariff. The dealers refuse to handle it unless they get this concession, I think with absolutely no sound reason for it. It is a trade condition which we have been unable to overcome.

Mr. DALZELL. You justify the suspicion by keeping your price down.

Mr. SMITH. We would do away with that suspicion if we were willing to hold our sugar and not sell it.

Mr. LONGWORTH. But you can not hold it. You must sell it within five or six months?

Mr. SMITH. I say you can not safely store any sugar for an unlimited time, whether cane or beet sugar. It will absorb moisture and become soft, or in some cases it will harden.

Mr. CALDERHEAD. Is it not also because it is only in one form, the granulated form?

Mr. SMITH. That is true; it is all in one form.

Mr. CLARK. If beet sugar and cane sugar are identical, do not the weather conditions affect cane sugar also, when stored in a given place, as they would beet sugar?

Mr. SMITH. Certainly. I have seen any quantity of cane sugar that had become absolutely hard and had to be ground over again and pulverized in order to make it salable.

Mr. CLARK. Your zone lies between the top of the Rocky Mountains and, say, Toledo?

Mr. SMITH. We have not any market at the top of the Rocky Mountains, or nothing west of the Mississippi River that amounts to anything.

Mr. CLARK. You are talking about beet sugar—the whole beet sugar question?

Mr. SMITH. Yes.

Mr. CLARK. Your market ranges from the top of the Rocky Mountains to Toledo?

Mr. SMITH. It comes to Pittsburg.

Mr. CLARK. Well, say Pittsburg.

The CHAIRMAN. The whole business is governed from New York.

Mr. CLARK. What whole business?

The CHAIRMAN. The whole business of beet sugar.

Mr. CLARK. Now, if these men undertake to ship cane sugar into your district, they have to pay the freight rates from New York to Pittsburg more than you pay, do they not?

Mr. SMITH. No; they pay half a cent less than we pay.

Mr. CLARK. You do not mean to say that they can ship sugar from New York to Denver or Omaha or St. Paul cheaper than you can ship it from Michigan, do you?

Mr. SMITH. You have moved your question from Pittsburg to Denver now.

Mr. CLARK. No; I am talking about that territory, from Pittsburg to Denver. Who has the cheaper freight rates in that territory, the beet sugar men or the cane sugar men?

Mr. SMITH. The beet sugar men, I should say; that is, after you get west of Detroit.

Mr. CLARK. You have the advantage of the freight rate?

Mr. SMITH. After you get west of Detroit.

Mr. CLARK. You have as good sugar as they have got?

Mr. SMITH. Yes.

Mr. CLARK. Why do you not drive these grocerymen into paying you as much for beet sugar as they pay for the cane sugar?

Mr. SMITH. It has been found not only expensive but dangerous to try to coerce anybody into doing anything in the last few years.

Mr. CLARK. I know, but you said a few minutes ago that these cane sugar fellows coerced you a few years ago.

Mr. SMITH. They tried to.

Mr. CLARK. They did cut you down 15 cents.

Mr. SMITH. That was before the public conscience was aroused.

Mr. CLARK. It is not so very much aroused yet, I am afraid.

Mr. FORDNEY. When there is a war on with regard to prices, you with your $2,000,000 of investment would not have very much show of driving the American Sugar Refining Company out of business with its $100,000,000 of capital, would you?

Mr. SMITH. No; we would hate to try it unless we were sure of succeeding.

Mr. FORDNEY. In other words, you can not afford to get into a war with the American Sugar Refining Company at any time?

Mr. SMITH. No, sir; we have a limited season and a comparatively small output, and most of the time the market is necessarily controlled or dominated by the refiners, who take care of 80 per cent of the entire consumption of this country. It would be an impossible competition.

Mr. UNDERWOOD. What per cent did you state was controlled?

Mr. SMITH. I said about 80 per cent.

Mr. FORDNEY. Based on the Dingley rate of duty, there is about a millon tons of sugar that comes into our market from Porto Rico, Hawaii, and Cuba?

Mr. SMITH. Yes.

Mr. FORDNEY. Twenty per cent of the sugar of Cuba comes in free, and the rest pays the regular Dingley duty. If the duty is changed on imported sugar any at all, if it is changed downward, how would you feel about your investment?

Mr. SMITH. I would like to dispose of it before I was subject to an assessment.

Mr. FORDNEY. At less than 100 cents on the dollar of what it cost, would you not?

Mr. SMITH. Certainly. I should consider that the investment would be worth practically nothing if this tariff was materially reduced. It is the best that any average sugar company can possibly do now to pay from 5 to 6 per cent interest on the investment. If you reduce the protection and consequently reduce the margin of profit down to, say, 40 cents a hundred pounds, it would mean the operation of the factories at an absolute loss, and I should want to get out of the business at once and lose it all in a lump and try to get into something else rather than lose it in annual installments.

Mr. FORDNEY. Do you think that American capital could be induced to build more beet sugar factories in the country if the duty on imported sugar was increased?

Mr. SMITH. Yes, sir.

Mr. FORDNEY. And you were assured that it would remain there?

Mr. SMITH. Yes, sir; if we could feel any substantial confidence in the good faith of any such pledges.

Mr. FORDNEY. That is all.

Mr. CRUMPACKER. Is it possible or practicable to powder beet sugar?

Mr. SMITH. Yes, sir.

Mr. CRUMPACKER. To put it in a powdered form?

Mr. SMITH. It can be; yes, sir.

Mr. CRUMPACKER. Or in the form of cubes, so as to meet the requirements of the market?

Mr. SMITH. Yes, sir.

Mr. CRUMPACKER. Why do not the beet sugar manufacturers put it in these different forms so as to meet the requirements of the trade and be free from these disadvantages they are under now?

Mr. SMITH. For the reason that that class of sugar is never marketed in carload lots. It is shipped in mixed carloads. It requires a very much larger and more diverse clientage to take any considerable output of that class of sugar than the beet sugar people have. They market their sugar almost entirely in carload lots and in the larger centers of trade. In other words, it would involve a very expensive selling organization to take care of that variety of output.

Mr. LONGWORTH. Is there no beet sugar put out in the form of cubes?

Mr. SMITH. I do not know of any factory that is making cube sugar.

Mr. CALDERHEAD. You would have to change your machinery?

Mr. SMITH. Yes, sir. That would not be a difficult proposition. It would be somewhat expensive, but it could be done. But the difficulty is principally in marketing.

Mr. CRUMPACKER. You would not have a demand for the beet sugar, cube sugar, in carload lots?

Mr. SMITH. No, sir.

Mr. CLARK. If a wholesaler in Chicago had 100 tons of beet sugar and 100 tons of cane sugar shipped to him, there is nothing about the boxes or barrels to show which is which, is there?

Mr. SMITH. Yes, sir; generally—that is, almost all of the beet sugar manufacturers have their packages marked.

Mr. CLARK. It was testified here the other day in regard to cigar wrappers grown in Florida in competition with Sumatra wrappers, that they would ship them up to Chicago or somewhere else and then ship them back to these fellows who make the cigars, so that they would be getting Florida wrappers when they thought they were getting Sumatra wrappers. Do you suppose the sugar men are working the same thing?

Mr. SMITH. I think it is quite likely. I have smoked some of those cigars. [Laughter.]

Mr. CLARK. One other question. It has been testified here by a witness or two that there has been a great improvement and increase of the saccharine matter in these beets. Do you have any reasonable hope of getting it up as high there as it is in Germany?

Mr. SMITH. I do not see why we can not, and I believe we can do it. But it has taken one hundred years to develop the sugar beet to its present state of perfection in Germany and France, and while we are supposed to be more rapid than they are, I do not think we can expect any such result for twenty or twenty-five years yet.

Mr. CLARK. I supposed you began where they left off. After that question, here is another. Do you sugar men up there believe the time will ever come, and if so how long will it be before it does come, when this beet sugar industry will be able to get along without any protection?

Mr. SMITH. I believe so, Mr. Clark. I do not think that we ought, or that any industry ought, to expect to be perpetually protected. But even if that should be necessary, it seems to me that it would be much better policy for this country to continue to protect an industry that will supply it with all it needs.

Mr. CLARK. I did not ask you that. I asked you a plain and simple question.

Mr. SMITH. Well, I think so. I do not know as you and I will live to see it, but I think that some time the industry will be able, by improved methods, to do it. But it can·not be done until there is some improvement or until we are willing to reduce the wages that we pay. The bulk of the entire cost of beet sugar is paid out in labor.

Mr. CLARK. You do produce beet sugar cheaper now than you did ten years ago; that is, so far as the total cost of the product is concerned?

Mr. SMITH. I suppose so. I have not been in the business so long as that. This business started about ten years ago.

Mr. CLARK. Yes; I know.

Mr. SMITH. I might say that this company which I represent is also engaged in farming. We have a farm of about 10,000 acres, upon which we are raising quite a large quantity of sugar beets, as well as doing other branches of farming, so that we are somewhat familiar with both ends of the proceeding. I wish to say, also, that we have an organization of sugar factories in Michigan, of which I have the honor to be president, and I am requested to represent them here and present their position in this matter at this time. That is, they have agreed that it is absolutely essential to the success of their business that the tariff should not be reduced, and they have given me the statistics of the cost of manufacture of their sugar, and I will say that the average cost for the past five years, presented by the following sugar companies, the German-American Sugar Company, at Bay City; the St. Louis Sugar Company, of St. Louis, Mich.; the Mount Clemens Sugar Company, at Mount Clemens; and the Holland Sugar Company, at Holland, has been in excess of $4 a hundred pounds.

Mr. UNDERWOOD. To what extent did they exceed it?

Mr. SMITH. The average of one company is $4.13 and the average of another is $4.16 for the past five years.

Mr. DALZELL. That does not include interest on capital?

Mr. SMITH. That includes no return on the investment whatever.

Mr. UNDERWOOD. But it does include everything else?

Mr. SMITH. It includes everything else.

The CHAIRMAN. How much are they getting out of the alcohol?

Mr. SMITH. They are selling molasses.

The CHAIRMAN. The same as they were the last time we had tariff hearings?

Mr. SMITH. Yes, sir.

The CHAIRMAN. There is no change in that?

Mr. SMITH. There is no change in the method.

The CHAIRMAN. That is what I mean, or in the amount you get out of it there is no change?

Mr. SMITH. They are getting more for their molasses now than they did, because a great part of it is now sold for cattle feed, for feeding purposes, and the high price of other feed has brought the price of molasses up.

Mr. UNDERWOOD. In estimating the cost of the sugar, do you give credit for the by-product or is the by-product not considered in that?

Mr. SMITH. All receipts for the by-product are taken out of the cost. This is the net cost of the sugar after all returns from the by-product have been credited to the operation of the factory.

The CHAIRMAN. Have you a statement from which you make up the cost in detail?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Have you submitted that?

Mr. SMITH. I have not, but if desired, I will do that.

The CHAIRMAN. Yes, I would like to see that.

Mr. SMITH. That is, dividing the original cost of beets and the cost of operation, everything?

The CHAIRMAN. Yes.

Mr. SMITH. I will file such a statement.

The CHAIRMAN. Showing wages and so on.

Mr. SMITH. Yes.

Mr. FORDNEY. How much of the total cost of production of beet sugar does labor get in this country? For instance, if it costs 4 cents a pound to make sugar from beets, how much does labor get out of that?

Mr. SMITH. I could not answer that offhand. I will say that for the cost of the beet itself——

Mr. FORDNEY. That is, labor, I mean labor alone; what is paid the farmer?

Mr. FORDNEY. I will give you that. The farmer will get, say, an average of $50 an acre out of his beets. All of the cost of the production, practically, is labor, and that is estimated, and I think it is moderately estimated, by Mr. Hathaway, at $33 an acre.

Mr. FORDNEY. In the 4 cents cost is figured what goes to the farmer and the laborer; everything that goes into converting the beets into sugar is labor except what raw material there is in the way of coal and cotton bags, and barrels, and such like?

Mr. SMITH. Yes. I have a statement here by one of the factories which on the cost of $4.18 a hundred gives the cost of beets at $3.41 a hundred, of which at least three-quarters would be labor, and the cost of labor in the factory is 47 cents a hundred; supplies 63 cents a hundred, which would give about three-quarters of the cost in labor. I suppose that has been estimated more accurately——

Mr. FORDNEY. Then, if that is true, Mr. Smith, on the 1,700,000 tons of sugar imported last year, or about that, labor only gets (on the imported sugar) about one-half cent a pound, does it not? I mean one-half a cent a pound for refining, the difference between the amount that American labor gets from imported raw sugar and sugar produced in this country is one-half cent per pound, compared with about 4 or 3¾ cents?

Mr. SMITH. I should say so.

Mr. FORDNEY. Then, on the 1,360,000 last year imported, labor received about $17,000,000, whereas, if it had been produced in this country it would have received $136,000,000, or in that neighborhood?

Mr. SMITH. The principle is right; I have not the time to verify your figures.

Mr. FORDNEY. That is the difference between 4 cents and one-half cent that would go to American labor?

Mr. SMITH. Yes.

Mr. FORDNEY. Then, American labor would be very much interested in producing all the sugar at home that we consume, if those figures are right, would it not?

Mr. SMITH. I should think so.

Mr. UNDERWOOD. The sugar labor might be very much interested, but the labor that eats the sugar might be interested the other way.

Mr. FORDNEY. Well, the labor that eats the sugar would not be hurt by the labor that produces the sugar getting that benefit.

The CHAIRMAN. Let us not have a discussion of this kind; let us get through with the witness. Is there anything further with this witness?

That seems to be all, Mr. Smith.

The Secretary of War, General Wright, would like to be heard for a few moments.

STATEMENT OF GEN. LUKE WRIGHT, SECRETARY OF WAR.

I only just heard that the committee was hearing arguments with reference to these tariff schedules on sugar and tobacco, as applied to the Philippine Islands. I heard it only about 10 o'clock this morning. I want to say to the committee that we are hardly prepared at this time to go into that question. We are now having investigations made in the Philippines by experts, among them Mr. Hord, the internal-revenue collector for the islands. He is taking up this question with a great deal of care with a view of laying before the committee the cost of production in the Philippine Islands, their capacity for increased production, and various other matters which will enter into any intelligent consideration of this question as appplied to the Philippine Islands.

It seems to me that the whole objection, if it has any force at all, lies in the danger apprehended by the producers of the United States, that their market might be destroyed by the inundation from the Philippine Islands, and if that apprehension could be relieved, if that is really their fear, it seems to me that their opposition would cease.

The custom-house report from the Philippine Islands shows that the total export of sugar for the year 1907 were 118,000 tons, and it is difficult to see, if all of that came to the United States, just how that could in any way affect the market here, when it is considered that between 1,700 and 1,800 thousand tons are annually imported.

Of course, if there were an indefinite increase, I can readily understand how, in the course of human events, it might affect the market here; but until the Philippine Islands took up the whole import of foreign sugars the market here, it seems to me, evidently could not be affected. The importance of that, I think, can be made perfectly obvious to every member of the committee.

The last gentleman was good enough to say—I suppose they all feel the same way—that he had the kindest, most affectionate feeling for the Philippine people, but he did not think it ought to be carried to the extent of destroying his market. It is astonishing, really, gentlemen, how many charitable people there are in the world when it does not cost them anything.

But aside from that we can demonstrate, I think, to the satisfaction of the committee that there is not the slightest possibility of any

large increase of production in the Philippine Islands in the near future, in many years. Economic conditions, labor conditions, and all that are such that it is utterly out of the question that there can be any large increase in the near future.

Our purpose had been at the proper time to make suggestions of some fair compromise about this matter, limiting the amount of sugar which might be imported without duty, as an evidence of our good faith and of our actual belief that the market here is not in the least danger, and some gradual increase per annum, with a maximum limit, I think, we could agree upon.

It is not possible that the Philippine Islands could supply the actual increase in demand for sugar year by year, as it is going on in the United States, and if I am correct in that, it would seem utterly absurd to talk about Philippine sugar endangering the American market until the beet sugar people and the cane sugar people, in spite of this tariff wall which has been erected, raise about 1,800,000 tons more than they are doing now. When that time comes it will then be time enough to talk about putting up the bars against the Philippine Islands.

I was informed a moment ago that the total production of beet sugar in the United States amounted to 440,000 tons last year. Before the beet sugar industry is in the slightest danger that industry must increase from 440,000 to about 2,100,000 tons, and I think, if you will take the statistics which show the annual increase in beet-sugar production, it will be obvious that that can not happen for the next fifty years.

I believe, gentlemen, that is all I have to say, except I should be very glad if you could postpone these hearings——

The CHAIRMAN. We can not postpone the hearings. We have adopted a rule that briefs can be filed, in order to be printed by the 5th of December, and briefs that come in later than that will have to take their chances.

Secretary WRIGHT. Will the committee hear us, say, some time in January?

The CHAIRMAN. I do not think the committee is in a position to concede any hearings in January at this time. If anybody makes application in the future for hearings, the committee will consider the application. But our object is to get through with these hearings and go to work and consider this bill and make as good a bill as we can from the facts laid before us by various people along the lines of an honest tariff bill. That is the object of the committee.

Secretary WRIGHT. We will be allowed, then, at an earlier date——

The CHAIRMAN. We will, of course, be glad to get all the information that will come to us while we are considering the bill. If you have opportunity to file briefs or be heard, of course the other side of the question must have equal opportunity to meet whatever facts you may present at that time. My own idea is that the only menace to the sugar industry from any of these concessions ultimately is a reduction on Cuban sugar. If the 20 per cent reduces that below the point of protection, that is in so far a menace, because that is a large production, and if the point should be reached where the domestic production, in addition to the Philippine Islands, if any of the crop should be placed on the free list (and the Hawaiian Islands, and of course the Porto Rican Islands include part of the production), and

added to it the importation of the Cuban sugar at a discount of 20 per cent on the tariff reaches the total consumption, of course then the protection is taken away to the extent of one-fifth, and how far that will remain a protection to the sugar industry remains to be seen, but the great menace is the large quantity of sugar that comes from Cuba, if the concession brings that below the protective point.

Secretary WRIGHT. We can cross that bridge when we come to it: All I am interested in at this time is to show that the American market——

The CHAIRMAN. I want to show further, in regard to that compromise two or three years ago, when this matter was being considered the suggestion of compromise came from those who opposed the lowering of the duty to Philippine sugar and Philippine tobacco, limiting the amount. My idea then was that was an illogical proposition. I have not changed my mind in regard to that since.

Secretary WRIGHT. Neither have I——

The CHAIRMAN. Later it came from the War Department, a year or two ago, and I understood that it was acceded to at that time by the representatives of the sugar interests. Now, of course, the amount of sugar imported free of duty in one year could be limited in numbers of tons, and all that came in after that limit had been reached to pay the full duty under the tariff law, or 75 per cent of that duty, as it might be fixed in the law; and the same way in regard to tobacco and cigars, that could be practically operated.

Secretary WRIGHT. Of course, what I said with reference to sugar has equal application to tobacco.

The CHAIRMAN. Yes; it is practical to operate it, of course.

Secretary WRIGHT. I was led to believe from what General Edwards had told me that the strong probability was that we should be able, so far as we could do that, to make some agreement that would relieve the committee of considering this particular phase of the tariff law.

Mr. MCCALL. If General Wright should be prepared before the hearings are closed, would not the committee see him personally instead of having him file a brief?

The CHAIRMAN. Oh, certainly.

Mr. MCCALL. That would give him an opportunity for us to ask him questions.

The CHAIRMAN. Certainly. This is an important question, a question that might not be considered as coming strictly within a tariff-revision bill, although it could be placed there. In other words, it is a side issue in some senses, and the committee would certainly make every effort to hear both sides of that controversy at any time if opportunity presented itself.

Secretary WRIGHT. Well, you want the Philippine schedules to be dealt with along with the general subjects of sugar and tobacco, would you not?

The CHAIRMAN. That will be for the committee to take up. Individually, I should favor doing it I do not know how the rest of the committee feels; I have not talked to them about it.

Secretary WRIGHT. Well, sir, we will address ourselves at once to this matter. We were taken very much by surprise to-day, and per-

haps we will ask to be allowed to impose on your good nature a little later.

Mr. FORDNEY. May I ask the gentleman one question?

The CHAIRMAN. Yes.

Mr. FORDNEY. You state on account of the large amount of sugar imported that the beet sugar industry should not be alarmed until its production greatly increases?

Secretary WRIGHT. Yes, sir.

Mr. FORDNEY. When Cuban reciprocity was adopted the same argument was urged, that the importation of sugar from Cuba at that time was 615,000 tons, and would not materially increase, but it has run up to a million and a quarter tons since that time. Beet sugar men are fearful that by bringing in more raw sugar free of duty into this country that that will be the last straw that will break the camel's back.

Secretary WRIGHT. Perhaps it is an irrelevant question; but has the price of sugar declined of late in this country? I don't think it has. Are there any symptoms of it declining?

Mr. FORDNEY. It has retarded the growth of the beet sugar industry.

Secretary WRIGHT. Has it?

Mr. FORDNEY. Yes; very materially.

Secretary WRIGHT. Is it not probable that there are some other causes that have brought about that?

Mr. FORDNEY. Perhaps.

Secretary WRIGHT. I heard Mr. Hathaway state, in answer to Judge Underwood, I believe, that the American Sugar Company had no interest in any of these beet sugar factories. I confess I was a little astonished at that, in view of the statement I heard made, I think, by him—and if I am in error the gentleman will correct me—and by one or two other gentlemen, whose faces are familiar and some of whom I have seen here, to the effect that there was a trustee who owned 51 per cent of the capital stock of all these beet sugar factories, supposedly a trustee representing the American Sugar Company.

Mr. UNDERWOOD. In each one of these beet sugar factories?

Secretary WRIGHT. Yes; that was the statement made three years ago. If I am not grossly mistaken—and I do not think I am—that was the statement made. That may, perhaps, account for some other definciencies that have cropped up here; I do not know. I would like to run into that a little, if we must do it.

Mr. FORDNEY. I do not know anything about the ownership of any of them. I never had any interest in one and do not have now.

Secretary WRIGHT. Of course I have no doubt of that, sir; although there is no reason why you should not have.

Mr. FORDNEY. But, so far as I am concerned, it would not make any difference who owns them, so long as they are owned by Americans and make sugar from an American-grown product.

Mr. GAINES. Do you think if the time was given you to go into this matter that you would show that it is true that a trustee representing the American Sugar Refining Company owns 51 per cent of the beet sugar business?

Secretary WRIGHT. I could only refer you to the hearings as they were published.

The CHAIRMAN. Well, correct me if I am wrong about that. I do not know that it is very important, still I think when you come to weigh arguments, it is well to know just where the argument comes from and what the motive behind it, whether it is really the honest apprehension of a large body of men who till the soil or whether it is simply the selfish interests of a particular corporation that is monopolizing the refined sugar production and sale in this country.

Mr. FORDNEY. My interest in the matter is representing the people of the Eighth Congressional District of the State of Michigan, and there are 20,000 farmers in that district raising beets. That is my interest.

Secretary WRIGHT. I understand, sir; but I can say that it seems to me that would be rather a pertinent inquiry, as to what is at the bottom of a matter that relates to the Philippine sugar. It seems to me that might be important.

Mr. GAINES. I agree with you. I think that would be of the highest consideration, and if what you believe to be true is really true, I should like to know it.

Secretary WRIGHT. Unless I am totally wrong—and I do not think my memory is altogether failing—it was about three years ago when we had this same subject up before this same committee that the statement I refer to was made, and the chairman will doubtless remember what was stated at that time.

Mr. SMITH. May I say, in reference to this same point, that so far as the company I represent is concerned, the American Sugar Refining Company does not own and never did own a dollar of interest in any way, shape, or manner in the Owasso Sugar Company.

Secretary WRIGHT. I do not think I had the pleasure of hearing Mr. Smith before——

Mr. GAINES. May I ask Mr. Smith a question?

Secretary WRIGHT. But at that time, it was not only conceded, I think by Mr. Hathaway, but by a number of other gentlemen representing beet sugar industries, that that was the fact. Of course that may have all changed, there has been a searching of hearts——

Mr. SMITH. He never made a statement as to my company.

Secretary WRIGHT. No; I do not remember of having the pleasure of seeing Mr. Smith before——

Mr. GAINES. What is understood on that subject by the trade, generally, Mr. Smith, as to the ownership by the trust in the beet sugar concerns; is it understood that the trust owns a considerable interest in the beet sugar concerns?

Mr. SMITH. These gentlemen are here. It seems to me it would be better for them to answer. I might tell you what I have heard and believe, but not having any knowledge or reliable information, I think it would be at least indelicate for me to say.

Mr. GAINES. I understand that a good many of these things are morally known in the trade without you knowing in such a way that you could testify to them, and that the persons who do know them in such a way that they could testify to them would not like to do it, and we might not ask them to.

Mr. SMITH. I do not hesitate to say that the Michigan Sugar Company is generally referred to as the trust organization.

Mr. GAINES. And what is the Michigan Sugar Company?

Mr. Smith. It is the company owning six of the sixteen sugar factories in Michigan and operating them.

Mr. Gaines. Holding and operating six of the sixteen?

Mr. Smith. Yes.

Mr. Gaines. Is it supposed to have any interest in the other ten sugar factories in Michigan?

Mr. Smith. Not to my knowledge. If it has any, it is not supposed to be a controlling interest, or an interest more than—in fact, I do not know what they may have in the others. I am simply giving you the general opinion, as I understand it. I do not know anything about it myself.

Mr. Bonynge. You say they are regarded as a trust in Michigan. Do you mean the American Sugar Refining Company?

Mr. Smith. It is supposed that interests connected with the American Sugar Refining Company have large interests in these six factories.

Secretary Wright. It might be well worth considering in connection with this general subject, if the American Sugar Refining Company owned all the sugar factories, just how fast the increase in production would continue. They are in a position, if they control it, to increase or decrease the production pretty extensively. However, I do not know anything about that except what I have stated before.

Mr. Crumpacker. If we abolish the tariff on sugar imported from the Philippine Islands, is there anything down there that would prevent the American Refining Company getting control of the product even there?

Secretary Wright. Nothing in the world. Really, just as a well-wisher of the Philippine people, I have been almost in hopes they would.

The Chairman. I do not suppose any change in this tariff would prevent the American Sugar Refining Company from buying stock in any corporation it wanted to?

Secretary Wright. No.

Mr. Smith. I do not know that I was understood to say that I be-
interest; I do not know whether I was so understood or not. I don't
lieved the American Sugar Refining Company had a controlling
know about that. I simply say they are supposed to have a large interest in the Michigan Sugar Company.

The Chairman. Well, something has been said in regard to that in the former hearings.

Secretary Wright. I am simply giving my memory of what was admitted on all sides at the former hearing.

Mr. Bonynge. That is far short of being 51 per cent, even if they had 51 per cent of all the sugar factories in Michigan.

Secretary Wright. That was not the statement made before. It appeared before, if I am not grossly in error, that all those—of course the hearings will show for themselves, but that is my recollection of it.

Mr. Bonynge. I think your recollection is wrong about that.

The Chairman. Mr. Sholes, do you wish to be heard?

Mr. Gaines. I think Mr. Hathaway desires to make a statement.

The Chairman. Have you any different statement to make now?

Mr. Hathaway. What statement did I make?

The CHAIRMAN. I do not remember. It is recorded.

Mr. HATHAWAY. I never made any remark in my evidence before of the kind General Wright has referred to.

The CHAIRMAN. Well, some person did; several persons did.

Mr. HATHAWAY. General Wright has quoted me.

Secretary WRIGHT. I said that was my recollection.

Mr. HATHAWAY. Well, you were in error there.

The CHAIRMAN. Well, make it as brief as possible.

STATEMENT OF MR. HATHAWAY.

Mr. HATHAWAY. What I want to say is this: That every director of the Michigan Sugar Company is a Michigan man. I want to say next that every certificate of stock issued by the Michigan Sugar Company, as far as the records are concerned, with the exception of only about $100,000 of stock, is owned by a Michigan man or Michigan men.

The CHAIRMAN. What about the $100,000?

Mr. HATHAWAY. That is scattered around in different places.

The CHAIRMAN. Let us have the whole truth.

Mr. HATHAWAY. That is scattered around in different places outside the State.

Mr. BONYNGE. What is your capitalization?

Mr. HATHAWAY. Twelve million five hundred thousand dollars.

The CHAIRMAN. Is there one director that represents that $100,000?

Mr. HATHAWAY. No.

The CHAIRMAN. Is there any director outside the Michigan people in the concern?

Mr. HATHAWAY. No, sir.

Mr. GAINES. Are any of those Michigan people, directors, directly or indirectly connected with the sugar trust?

Mr. HATHAWAY. Not to my knowledge in any way.

Mr. GAINES. Does not a Michigan man hold it as trustee?

Mr. HATHAWAY. He does not.

The CHAIRMAN. I think you will find out about that in the former hearing.

Mr. GAINES. I know that there is a good deal about it in the former hearing, but I thought perhaps I could find out something about it now.

The CHAIRMAN. The witnesses that appeared then seemed to know more about it.

STATEMENT OF F. T. SHOALS.

The CHAIRMAN. Please give your full name and residence.

Mr. SHOALS. F. T. Shoals, Cleveland, Ohio. I am secretary and treasurer of the Continental Sugar Company of Ohio.

I am here to speak for the interests of the Continental Sugar Company of Ohio.

The statistics which we have listened to this morning are more than I can attempt to cover. Mr. Smith has covered the argument of certain trade points, and I would like to give you the results of our company as briefly as possible.

In 1899 the subject of the production of beet sugar was presented to us for investment purposes. We investigated the reports as furnished by the Agricultural Department, several pamphlets and direct correspondence with Washington on it; we believed it to be a favorable investment, and the company was organized and capital subscribed in Cleveland at that time; entirely in Cleveland.

We began operations and the education of the farmer for the cultivation of beets in that territory.

We are now operating in 22 counties and engage the product of about 3,000 farmers in that immediate vicinity.

We have secured from them for the year 1908—that is the year we are now working on—approximately 12,000 acres of beets, and have expected to harvest, and are now harvesting, approximately 100,000 tons.

The figures of last year—that is, the campaign closed in 1907—are so nearly representative of a fair average—and we have had worse and better ones—that I will give you those figures as to just exactly what has been paid to the farmer, what we have secured from him in tonnage, and what we have made on the last year's campaign, being, as I say, a fair average, there having been worse ones and better ones in our history.

We harvested and paid for 87,633.2 tons of beets. We paid the farmers $470,458.44.

The beets cost us in the factory, after paying the farmers and the freight and delivering into the plant, $6.35 per ton, a total of $556,292.57.

We produced 18,639,123 pounds of sugar.

We paid in wages to the employees and operatives of the plant $184,695.73. I may say here that there are no salaries included in that above $5,000, which is paid to one man, one salary of $3,600, and one salary of $3,000, and one salary of $2,000, the rest being all below that.

We paid $16,700 in insurance and taxes; $78,285.47, for coal, coke, lime rock, barrels, bags, and other materials going into the manufacture and producing of the sugar. We paid $52,684.40 in freight.

We handled 4,200 cars of sugar beets, coal, coke, lime rock, and the sundry supplies, and the sugar cost us $4.09 per hundred pounds.

Our proceeds from sales were $4.38 per hundred pounds, leaving us a profit of 29 cents per hundred pounds.

Mr. UNDERWOOD. $4.09 or $4.90?

Mr. SHOALS. $4.38 net proceeds——

Mr. UNDERWOOD. But the cost.

Mr. SHOALS. $4.09, a net profit of 29 cents per hundred pounds.

We have an investment of $1,463,000, and we are firmly of the belief, and our figures certainly give that evidence, that any reduction of the present tariff would mean the abolition of our business. This is only one company in Ohio.

Mr. UNDERWOOD. What dividends have you paid since you have been in operation?

Mr. SHOALS. We have paid two dividends in the eight years we have been in the business.

Mr. UNDERWOOD. How much have you put out of your earnings into betterments and improvements?

Mr. SHOALS. I have no figures to give that, but there has been no depreciation included in this cost of $4.09. The depreciations that have been made upon the plant and investment have been charged against the profit and loss account, which accrues from the difference between the $4.09 and the $4.28, and its accumulation.

Mr. UNDERWOOD. What do you figure your profits to have been during that time?

Mr. SHOALS. I would rather not answer that question in point of figures. I can say that we have had better years and worse years, and our net earnings last year were a little over $40,000, charging off the depreciations.

Mr. FORDNEY. How much investment?

Mr. SHOALS. $1,463,000.

Mr. UNDERWOOD. Out of your gross earnings, did you expend anything for improvements or betterments last year?

Mr. SHOALS. Not any serious amount. There are always more or less changes or additions made in the plant, and the improvements and betterments are added. If I remember correctly, the figure was about $12,000 last year, but that is the difference between the gross cost of the improvements or betterments and the salvage of the displacement or whatever is taken out of it.

Mr. UNDERWOOD. Then you made last year really about $52,000 instead of $40,000 net profit, if you do not include the betterments and improvements?

Mr. SHOALS. Yes; only our books do not show it that way. That is a fair consideration of it.

Mr. UNDERWOOD. Was the stock paid for in cash, or have you issued stock dividends to account for the profits that you have invested in betterments and improvements?

Mr. SHOALS. With the exception of a very small quantity—I think it was $45,000, if I remember correctly, made to equalize the authorized capital stock of $1,200,000—all of the capital was paid in in cash. That $45,000 was issued in fractional shares, to equalize holdings and finish our capital stock, having at that time a greater surplus than covered the $45,000, if those are the correct figures.

Mr. UNDERWOOD. What do you figure the advantage of the zone in which you sell your product is over the Atlantic seaboard, in the matter of freight rates?

Mr. SHOALS. That is a question that I can hardly answer. I am not prepared to answer that. We are manufacturing in Ohio and seeking a market for our product. We are obliged to meet the current conditions, the competition of business, and we do not have to meet that question you ask at the seaboard, and when we have an offer for sugar in Pittsburg, Buffalo, Cincinnati, or Cleveland, we simply know that the price quoted by our competitors is so and so, and we can either meet it or cut it.

Mr. UNDERWOOD. But you do have an advantage in freight rates within that zone, do you not?

Mr. SHOALS. Certainly. Freight rates from New York to the zone point and our local freight rate.

Mr. UNDERWOOD. I would be glad, if you have the opportunity, if you would file with your statement here figures showing what it does amount to, if you could get those figures.

Mr. SHOALS. Not being acquainted with the matter, I should be obliged to refer to the figures presented at this hearing. It is something I have never handled at all.

The CHAIRMAN. Are there any further questions? Have you anything further to say, Mr. Shoals?

Mr. SHOALS. Nothing more, Mr. Chairman.

The CHAIRMAN. Does anyone present desire to be heard on the sugar schedule aside from molasses?

Mr. OXNARD. Mr. Baird has traveled six months in Europe, and he is here and would like to give some figures on the cost of labor in Europe as compared to the cost of labor in this country.

The CHAIRMAN. We will hear Mr. Baird.

STATEMENT OF MR. W. H. BAIRD, GENERAL SUPERINTENDENT OF THE AMERICAN BEET SUGAR COMPANY.

The CHAIRMAN. Give your full name, and where you reside.

Mr. BAIRD. W. H. Baird: residence, Denver, Colo. I am the general superintendent of the American Beet Sugar Company.

I spent between five and six months last year in visiting the sugar factories of Europe for technical studies, almost entirely, studying the methods used there, and I traveled through Holland, Belgium, Germany, France, Spain, Italy, and Austria in doing this, and as an incident to the study of the manufacture of sugar, to find why they made sugar cheaper than we did. From a purely technical standpoint the prices of their labor came in, which prices I am ready to submit to the committee.

I have made out a list here of the prices which we pay in our factories, the American Beet Sugar Company. These prices are taken from the scales as submitted to me by the local superintendents of the factories. Our factories are located in three different States, Colorado, California, and Nebraska.

Mr. BONYNGE. How many are located in Colorado?

Mr. BAIRD. Three in Colorado, located at Los Animas, Rocky Ford, and Lamar.

Starting with the men of higher rank, we pay for general foremen from \$150 to \$160 per month. The only place where we find a comparison with these men is Germany, where they pay from 75 cents to \$1.25 per day, or \$22 to \$37.50 a month, which in some cases is augmented slightly by the giving of a little house to live in, close to the place. I may say that in some of our factories we do practically the same, furnishing a clubhouse or residence for the man on the ground. So it almost balances.

Among the laborers, coming down the list, we have, beginning with the work as the beets are fed into the factory, those that work in the beet sheds. Our feeders we pay 20½ cents an hour—that is, for beet-shed men; while in Germany they pay 5 cents an hour, and in Austria 7 cents an hour. For the feeders of beets, those that work in the wet places we pay 17½ cents an hour; Germany pays 6½ cents an hour, and Austria 7 cents an hour.

At the beet washers we pay 17½ cents an hour to 22 cents an hour, depending upon the work the man does. In Germany they pay 5 cents an hour, and in Austria they pay 5½ cents an hour.

At the cutters we pay 20 to 25 cents an hour, and the only place where I have any equivalent is France, where they pay from 8 to 10 cents an hour.

Sharpening knives, a slightly skilled labor, we pay 22½ to 27½ cents per hour. In France they pay 5.7 cents to 10 cents an hour, depending upon the factory.

At the diffusion battery, which is more or less skilled work, we pay the head men 25 cents an hour. Germany pays such a man from 6 to 10 cents an hour and Austria pays from 3 to 5 cents an hour. France pays from 9 cents to 10 cents an hour for that work.

The helpers on this battery, ordinary labor, we pay 20 cents an hour. Germany pays 4 cents an hour; Austria pays 4 to 6 cents an hour. France pays 6 cents to 7½ cents an hour.

Under the battery, where it is wet, we pay 20 cents, Germany pays from 5 to 6 cents, and Austria pays from 4 to 6 cents, and France pays 8 cents.

At the carbonation the chief man gets 25 cents an hour. In Germany he gets 5 cents an hour. In Austria he gets 5 cents an hour. In France he gets 8 cents an hour.

The filter presses, we pay the foremen 25 cents an hour, and the only price I have here in my official list comparing to that is 8 cents in France, although I know from conversation and ordinary observation that they pay about 1 cent more an hour for a foreman than the laborer gets.

Filter pressmen, who work at the hard labor of the filter press—and you may call it the commonest of the labor in the factory—we pay 17½ cents an hour; Germany pays 4 cents an hour, Austria pays 5 cents an hour, and France pays 7 cents an hour.

At the evaporators we pay 25 cents an hour; Germany pays 4.4 cents an hour, Austria 5.8 cents an hour, and France 8 cents an hour.

The more highly skilled laborer of the vacuum pans, boiling the sugar to grain, we pay from $100 to $125 a month, and in general by the year. In Germany they pay from $18 to $22 a month, and in general not by the year. In Austria in general they pay $18 a month, or $294 by the year, if they keep them during the whole year. In France they pay $40 a month for three months and give a compensation of $10 extra for traveling expenses.

At the centrifugals, which is more or less skilled labor, we pay from 20 to 22½ cents an hour. In all the factories in Europe that I visited the work in the centrifugal machines is paid so much per sack of sugar produced, and their arrangement is such that it is almost impossible to translate it, to compare it with our wages, as they produce nothing but raw sugar and it comes out in a different way from ours, and it is almost impossible, and so I have not attempted it.

Cleaning the boilers, firing and stoking. We pay 30 cents an hour for our head boilerman. In Austria they pay 7 cents. In France they pay 7 cents.

For firemen we pay 25 cents an hour, and for their firemen they pay from 6½ to 7 cents an hour.

Boiler cleaners, we pay 20 cents an hour, and the only place I have any record of corresponding to that abroad is in France they pay 6 cents an hour.

Blacksmiths, which will be a good example of the skilled mechanical laborer, we pay 40 cents an hour; Germany pays from 6½ to 7½ cents an hour; Austria pay 7 cents an hour; and France pays 8 cents an hour.

I found in going over this work that practically everything that enters into the cost of the manufacture has a relative value, following more or less the wage scale. As, for instance, one of the largest expenses that we have in the sugar business is our lime, larger in America than it is in Europe, from the fact that our beets are of lower purity, and we use a larger quantity of lime.

The value of the lime in the factory is almost entirely a labor cost, as it is a matter of getting it out of the ground and of burning it. So our lime will cost about $10 a ton in the factories I am thinking of, and there is very much less—I would not care to say in exact figures, but nearer $5—from $4.50 to $5 a ton.

The same thing holds true of filter-press cloths, which are a large item with us. They have reduced the cost of the highly skilled labor, which gets a comparatively high price in this country and a very low price in Europe.

The coal in Germany, one of the countries that is competing, is very low for the same reason. It is a very cheap coal, and the principal cost connected with it is the labor cost; so that their coal in Germany is actually lower in price than ours.

These cover practically all the prices of labor that I have ready to submit.

Mr. Underwood. What is the efficiency of the labor in this country as compared with the countries in Europe that you speak of?

Mr. Baird. In a sugar factory it is practically the same, from the fact that a sugar factory is made up of stations requiring about the same number of men to watch each station, whether they are efficient or inefficient men, and there are very few places, unless it would be feeding the beets into the factory, or running the centrifugal machines, or stoking in the boiler house, where individual efficiency would cut very much figure.

So I found, in general, the number of men employed was practically the same as ours, or slightly less, unless you take the countries in the extreme south of Europe—Spain and Italy—where, of course, labor is quite inefficient. But that has really nothing to do with this case, because they do not compete to any extent. But if you take Austria and France and Germany, labor is practically the same as ours in efficiency.

Mr. Underwood. From your studies do you think the labor cost per ton of sugar would bear out the comparison of the figures there, where you compare them man to man? Do you think that there is the same cost in the matter of labor per ton?

Mr. Baird. The labor cost in any of these countries would be quite a good deal more than any of the figures I give you, from the fact that they get so much more sugar per man.

Mr. Underwood. By reason of its higher saccharine qualities?

Mr. Baird. By reason of the additional saccharine matter and the additional purity of the beets; yes. If you go into it, you will find that their labor is lower than this list would indicate.

Mr. Underwood. You have made no calculation as to the amount of cost, so far as labor is concerned, per ton of sugar?

Mr. BAIRD. Not per ton of sugar; no. I would say that over there 100 pounds of sugar would cost about 7 cents for labor. That is an exceedingly rough estimate.

Mr. UNDERWOOD. Our 100 pounds of the beet sugar in your factories would cost about how much?

Mr. BAIRD. Well, near 48 cents.

Mr. UNDERWOOD. There is a difference, then, of between 48 cents and 7 cents in the labor cost of the production of 100 pounds of sugar?

Mr. BAIRD. Yes; but when I say that I say that with what I said before, that there are things entering there which make our labor cost very high in this country.

Mr. UNDERWOOD. The competition from abroad in sugar comes largely from Germany, does it not?

Mr. BAIRD. Yes, sir.

Mr. UNDERWOOD. The competition of the other European countries does not cut any figure, does it?

Mr. BAIRD. Austria would. If Germany could, Austria would.

Mr. UNDERWOOD. Those two countries?

Mr. BAIRD. Those two countries; yes.

Mr. UNDERWOOD. How are the factories in Germany situated, so far as the seaboard is concerned?

Mr. BAIRD. Almost every factory in Europe is situated on the seaboard; that is, it is on canal board. Everything is shipped by water to seaboard. The factories working in the center of Bohemia, for instance, have a very short haul to the Moldau, and from there have a very short haul out to the mouth of the Elbe, and by lighterage on board ship all the way. That takes them right down from the heart of the beet-growing countries of Europe.

Mr. UNDERWOOD. Did you make any figures on the cost of freight from the interior points to the seaboard, and from the seaboard to New York, for instance?

Mr. BAIRD. I did not, because I was studying this purely from a technical standpoint and it did not occur to me that anything else would come up when I was studying it. It was purely to satisfy my own curiosity as to cost, and so forth——

Mr. POU. Did you figure out the cost of sugar in the plants you visited?

Mr. BAIRD. It would be very difficult to figure that out unless one had private figures. There are a great many elements that enter into it, so that it would be very difficult. For instance, in the German factories, those that were willing to sell me said that the price they got for their sugar they hoped would pay the expenses of running their factory. They make their money off of molasses and pulp, both of which command very high prices. Most of them told me that they run their factories for their agricultural benefit—that is, that they would run them anyway if they paid expenses, on account of the agricultural benefits to be given to the lands, the rotation of crops.

Mr. POU. You did not make any figures yourself on that?

Mr. BAIRD. No; I couldn't make any but very rough ones, but the best ones I could make are well below 2 cents a pound. Further than that any figures would be doubtful.

The CHAIRMAN. What do they do with their pulp?

Mr. BAIRD. Most of it is dried.

The CHAIRMAN. And then what do they do with it?

Mr. BAIRD. It is fed to cattle.

The CHAIRMAN. Are our people making any advance in using pulp now?

Mr. BAIRD. They have made a very great advance. But you must remember that there is a great difference between Germany and America; you must remember that Germany has no corn that corresponds to our corn at all, no feed that corresponds to our feed that we give to cattle. So they must use barley or oats or rye or potatoes, or things of that kind, and the molasses is used where the starch of our corn would be used. They have gone so far with that that a Mr. Steffins, who is quite an inventor in the sugar business, has invented a method by which they do not extract near so much sugar, leaving in the pulp 3 or 4 per cent, and that is run out and makes a fodder which is called the Steffins fodder, and they say that that fodder is very profitable.

The CHAIRMAN. Could not our people use that pulp in the same way, substituting it for corn and using the corn for other purposes?

Mr. BAIRD. It is simply a question of the difference in price. Of course, their corn over there costs all it costs here plus the freight and their tariff, which is high, and they only buy corn to finish fattening their pigs——

The CHAIRMAN. I am speaking about our own people. It seems to me it is a great waste for us to waste the pulp.

Mr. BAIRD. Well, we feed it now.

The CHAIRMAN. All of it?

Mr. BAIRD. Practically all of it.

The CHAIRMAN. You do not dry it?

Mr. BAIRD. No; it does not pay to dry it. Dried pulp would come in competition with alfalfa hay, and wet pulp is an entirely different thing.

The CHAIRMAN. But is not the cost of transportation of the wet pulp so great that it does not pay to transport it?

Mr. BAIRD. We do not transport it. It is generally fed right at the factory; the cattle are brought to the factory instead of it being sent out by freight to be fed to the cattle.

The CHAIRMAN. So you think they are using most of it in that way?

Mr. BAIRD. They are in our factories; yes, for the last few years, for a long time——

The CHAIRMAN. It must have been the last year or two if they are using most of it?

Mr. BAIRD. Yes.

The CHAIRMAN. You were speaking of getting the figures as to the cost of labor abroad. How did you get those prices?

Mr. BAIRD. These were gotten from personal friends I met while over there, that were willing to give the figures to me. I do not suppose they would have given them to me if they knew I would have given them to the Ways and Means Committee.

The CHAIRMAN. Persons employed in the factories?

Mr. BAIRD. Yes, sir. Every figure I have here was gotten over the autograph signature of the man who gave it. He had them in his employ.

The CHAIRMAN. Your prices seem better fitted to India or Japan.

Mr. BAIRD. I was quite surprised myself at the figures, but you must remember that 5 cents an hour means 60 cents a day, which is over 2 marks, and 2 marks a day is a pretty good wage in Germany. That is higher than they pay in cotton mills and other industries over there. For that reason I said that their wages would show more than this would show, because everything that enters into this takes a lower wage.

The CHAIRMAN. Did you get any statistics as to wages paid in cotton mills and other industries?

Mr. BAIRD. Only incidentally. I mean in a casual way. In general, they told me that the wages paid in sugar factories were from 10 to 20 per cent higher than in any other industry, from the fact the season was short and they had to attract men to it.

The CHAIRMAN. Could you give the committee any figures as to the wages paid in the cotton industry over there?

Mr. BAIRD. No, sir; I can not.

The CHAIRMAN. Only that general statement?

Mr. BAIRD. Only that general statement.

The CHAIRMAN. What other besides the cotton industry did that apply to?

Mr. BAIRD. In the weaving industries, such as the jute mills, where they make sugar bags and other things. It also applies quite universally, but common labor used by the year, labor that is kept on the farm all the year round.

The CHAIRMAN. I do not know whether you gave the wages of those who raised beets or not.

Mr. BAIRD. I don't know about those. I only got the wages from farmers in one place and that was—well, that was a good enough figure, but it was only from one place, as I was not at all interested in this at that time.

The CHAIRMAN. Have you those figures?

Mr. BAIRD. Yes.

The CHAIRMAN. I wish you would give them.

Mr. BAIRD. Eleven dollars an acre for work done on the beets from the time they come out of the ground until they are on the wagon to go to the factory.

The CHAIRMAN. Does that include planting?

Mr. BAIRD. Yes; it included planting.

The CHAIRMAN. You said from the time they came out of the ground.

Mr. BAIRD. That included planting, but not the ownership of the animals; it included the work of drilling, thinning, and many hoeings; about five hoeings, I would say.

The CHAIRMAN. Right there, could you give the cost for that labor in Michigan, for instance?

Mr. BAIRD. I am not in the agricultural department of my work and I would not know. I don't know about Michigan, anyway.

Mr. BONYNGE. Do you not know what they pay in Colorado for that work?

Mr. BAIRD. I do not. I know less accurately about that than I do about this one that I have quoted, and I prefer to leave that to the people who do know.

The CHAIRMAN. You do not look after that department?

Mr. BAIRD. No; that is not my work.

Mr. FORDNEY. It is my opinion that in Michigan the same labor receives about $20 per acre.

The CHAIRMAN. We will find some one that knows.

Mr. CRUMPACKER. What do the farmers get for beets per ton at the factory?

Mr. BAIRD. The farmers in most of the countries visited and in competing countries do not receive a price as our farmers do at all. In Germany the sugar factories are run on large estates, and the sugar factory occupies the same relative position to the estate that a thrashing machine would occupy here among the big farmers.

Mr. CRUMPACKER. Do the proprietors or owners of the sugar factories do their own cultivating or hire the beets grown for them?

Mr. BAIRD. They generally have large estates of from 400 to 1,200 or 1,500 acres.

Mr. CRUMPACKER. So that the small farmer, the peasant farmer there, does not produce sugar beets "on his own hook," as a rule, to sell to the factories?

Mr. BAIRD. As a rule, he does; but as a rule he is very "seldom." You do not find very many of him.

Mr. CRUMPACKER. Do you know what he gets by the ton when he sells his beets to the factory?

Mr. BAIRD. The only price that I have is one given me by a friend in Magdeburg, who said that "sugar is going down so that the poor devils are only getting about $3 a ton."

Mr. CRUMPACKER. What is the yield per acre? How many tons an acre?

Mr. BAIRD. I can not tell you.

Mr. CRUMPACKER. You did not investigate that matter?

Mr. BAIRD. No; I did not pay any attention to the agricultural side of the question.

Mr. CRUMPACKER. What is the difference in percentage of sugar content between the German beet and the American beet? Do you know that?

Mr. BAIRD. Not near enough to tell you with any degree of accuracy. Our beets vary so much here, and there is more or less difference.

Mr. CRUMPACKER. There is a substantial difference, is there?

Mr. BAIRD. In average I believe there would be a substantial difference, if you will average all the beets in the United States; but as I only happen to know about our own analyses I could not say much about that.

Mr. CRUMPACKER. Are their mills as large as the American mills or factories and are their methods of production substantially the same as ours, or are ours the same as theirs?

Mr. BAIRD. Their mills run about the same as ours—here a small one and there a big one, depending on the estate. But there is one vital difference between their mills and ours, in that they make raw sugar and we make white sugar. We make sugar directly for consumption, while they make only the raw sugar for the refineries.

Mr. CRUMPACKER. Their machinery, their method of production, is the same as ours, is it?

Mr. BAIRD. Except that it is simpler, very much simpler.

Mr. CRUMPACKER. And cheaper?

Mr. Baird. And very much cheaper; yes.

Mr. Crumpacker. Can ours be simplified and cheapened to advantage?

Mr. Baird. If we make raw sugar; yes.

Mr. Crumpacker. The difference is in the refining process only, is it not?

Mr. Baird. No; not entirely. We have the additional expense and will have for some time in the West. I do not know about the East.

Mr. Crumpacker. Does it cost any more to refine raw beet sugar than it does to refine raw cane sugar?

Mr. Baird. When I speak of refining in a sugar factory, it is not anything at all relative to refining such as a refinery would do in New York or the South.

Mr. Crumpacker. Did you learn, while you were in Germany, the domestic price of sugar?

Mr. Baird. To the consumer?

Mr. Crumpacker. To the consumer, in Germany.

Mr. Baird. When I was there it was about 6½ American cents a pound.

Mr. Crumpacker. And yet the factories were making it at a cost of about 2 cents?

Mr. Baird. Yes.

Mr. Crumpacker. I think that is all.

Mr. Gaines. You made a remark to the effect that 5 cents an hour would be 60 cents a day. Do they have a twelve-hour day there?

Mr. Baird. Yes; the same as all sugar factories do.

Mr. Gaines. You do in this country also?

Mr. Baird. Yes, sir; a twelve-hour day; two shifts, working day and night.

Mr. Gaines. Do you know anything about the price paid in the sugar industry in Cuba?

Mr. Baird. I do not. I never was there. I do not know anything about it.

Mr. Fordney. I want to ask Mr. Baird if I understood him correctly. You say that they are satisfied over there in the production of sugar if they can have their by-products for profit?

Mr. Baird. Many of them are. That is the impression I got simply in casual conversation; yes, sir.

Mr. Fordney. Thank you. That is all.

STATEMENT OF H. C. CHRISTIANSEN, OF NEW YORK CITY, N. Y.

Mr. Christiansen. My name is H. C. Christiansen. I am representing H. L. Hobart & Co., of New York. I shall detain you but a moment.

Mr. Chairman, I do not come here representing any sugar interests. We are importers of foreign molasses and also dealers in domestic molasses. In olden days imported molasses was sold on a basis of 50° polarization, and most molasses tested from 50° to 56°. In those days molasses was shipped to the United States, was boiled here, and the sugar boilers made sugar from it, leaving a residue of blackstrap. The schedule of import duties was fixed, in the past, somewhat to conform to the sugar duties; and even the present tariff bill for molasses schedule is figured somewhat on the sugar basis. With the

improved methods of making sugar, the sugar producers take out every possible pound of sugar they can get, so that the boiling industry in this country does not get 50° test boiling molasses. The bulk of the molasses as made by the present large factories in all the West Indian islands contains a very low percentage of sugar, and they can get practically no more sugar out of it.

Molasses imported is also used for table and grocery purposes, but the bulk of molasses imported at the present time is of such an inferior quality that it can not be used for the table. The old sugar schedules assumed that the bulk of molasses was to be used for sugar boiling and table purposes; but on account of the changed conditions most of the molasses that comes here now is of such low test and value that it can not be used for anything but manufacturing purposes; and it is really considered to-day as being a raw material, being used extensively for horse and cattle feeding, in the manufacture of castings, not only for iron, but for electrical purposes; also in the manufacture of vinegar and yeast; and but a very small percentage of the molasses imported here is of high enough test for actual table consumption.

The United States does not produce sufficient molasses to supply all of these demands, so that last year about 25,000,000 gallons of molasses were imported, most of which molasses was of low quality; and, according to the Department of Agriculture's Yearbook, the average value of all the molasses per gallon was equal to 3¾ cents. The present schedule calls for a duty of 6 cents per gallon for molasses testing over 56°; 3 cents per gallon for molasses testing between 40° and 56°; and for molasses testing under 40°, 20 per cent of the f. o. b. value. As the molasses testing under 40° is used for manufacturing purposes, and extensively by the farmers in the preparation of molasses feeds, as well as in its natural state, by mixing with chopped hay and other grain, it should be considered as a raw material and should come in free of duty; but if a duty is considered necessary, it should be a specific duty and not ad valorem. The average rate of duty on molasses imported last year (that is, all used for manufacturing purposes, testing under 40°) was a trifle less than one-half cent per gallon; so that if a specific duty is established, a rate not to exceed one-half cent per gallon should be sufficient.

Molasses testing over 40°—say up to 50°—would give a sufficient protection to the producers of molasses in this country at a maximum rate of 1½ cents a gallon, and molasses 50° to 60° at 2 cents per gallon, and molasses over 56° at 3 cents per gallon. As the entire crop of domestic cane and beet molasses is all consumed, and we have to import molasses sufficient to supply the demand for manufacturing purposes, it does not interfere with the domestic producers. New uses are being found for molasses from time to time, and in the past two years the bulk of low-test molasses has been used for cattle-feeding purposes, in addition to which experiments have been made in the making of roads; and various other industries might be established if the duty on molasses was reduced to a basis of rates not to exceed those stated above.

Mr. UNDERWOOD. You are in favor of a reduction of the duty on molasses, then?

Mr. CHRISTIANSEN. I am in favor, if not a reduction, of making a specific duty on the low-grade molasses testing under 40. At present

it is in the schedule at 20 per cent of the f. o. b. value. The f. o. b. value is very hard to keep uniform.

Mr. UNDERWOOD. How would that affect the revenue?

Mr. CHRISTIANSEN. The revenue would be exactly the same—half a cent a gallon. The present rate of duty that is paid on the low-grade molasses testing under 40 figures out forty-eight one-hundredths of a cent per gallon, figuring the in-bond price or f. o. b. price at about 3 cents a gallon.

Mr. UNDERWOOD. Where is most of the molasses that comes into this country imported from?

Mr. CHRISTIANSEN. From Cuba and Porto Rico.

Mr. UNDERWOOD. That is all I desire to ask.

(Mr. Bonynge suggested that Mr. Saylor, of the Department of Agriculture, should be heard.)

STATEMENT OF C. F. SAYLOR, ESQ., OF THE DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

Mr. SAYLOR. Mr. Chairman, I am from the Department of Agriculture. I am here simply because I understood that the chairman or the members of the committee wanted me to come up here. I do not represent the vested interests. I have nothing to do with them.

The CHAIRMAN. If you have any information on this subject the committee will be very glad to get it.

Mr. SAYLOR. I do not know whether I have or not, but if I have I am at your service.

I have not any address to make on this subject, Mr. Chairman. I am simply here because I understood the chairman or other members of the committee wanted me here. The secretary asked me to come here.

The CHAIRMAN. I do not know anything about you personally, but I am very glad to see anybody here that understands the facts about this matter.

Mr. SAYLOR. You know, I have charge of the work of developing the beet-sugar industry, and I suppose that is why I became identified with the line of investigations you are making here. I have nothing to do with the vested interests. It is simply the line of investigating the conditions of producing sugar and fostering the industry in places to which it is adapted.

The CHAIRMAN. The Department of Agriculture started in three or four years ago with the idea of developing a single-germ beet seed. What has been the result of that?

Mr. SAYLOR. That, Mr. Chairman, is along the line of scientific investigation. It belongs to our scientific department. But I will say this: You know it takes years to change the character of a plant. It is probably more amenable to development than an animal. They began along that line, as you say, four years ago. As a matter of fact, it was probably six or seven years ago. If you wish to get at the real facts the proper thing would be to call before you the specialists who have devoted their time to the subject. My work is practical, along the line of investigating conditions.

The CHAIRMAN. Do you know what progress they have made?

Mr. SAYLOR. Oh, yes. They are up to 35 or 40 per cent of single-germ seed. You will understand, Mr. Chairman, that that is purely a scientific proposition.

The CHAIRMAN. Is the percentage increasing from year to year?

Mr. SAYLOR. From year to year; it is increasing very rapidly. There is no question but what they will get a single-germ seed; and then, after they get the single-germ seed, they will have to breed it up to a high quality. That means a long time, but it means a great future for that industry.

The CHAIRMAN. Yes; we have had that illustrated by some very skilled experts on the sugar beet question. Will you tell us what particular line you have followed in the Agricultural Department?

Mr. SAYLOR. My line, Mr. Chairman, has been to investigate for eleven years conditions for producing sugar, especially beet sugar, and, where it is adapted to the region, to foster that industry.

Mr. BONYNGE. Mr. Sailor, there has been some question as to the extent to which the beet sugar industry could be developed in the United States. What can you say on that subject?

Mr. SAYLOR. I should say that that would depend largely upon the attitude of this committee and this Congress, and the encouragement the industry gets. It is the thorough belief of the Department of Agriculture (and, as it is the one subject to which I give all my time, it is mine) that the sugar industry is the one industry that is back of a lot of things in this country. It is the mother lode in the development of Western conditions. I have been here all day, and we have not heard yet a real explanation of the sugar industry, because it means more than the question of sugar. It means corollary industries. It means the development, the breeding, and the feeding of stock; it means the development of farm conditions to the very highest possible degree. It means trolley lines, and a general development. It is the one industry that will capitalize and call other industries around it. It takes, you understand, years to do that; but it has gone far enough to indicate that the sugar industry is one that will go into those farming countries where we have been growing corn and oats and wheat, and stuff like that, and selling it on the market, and will intensify the agricultural industry and bring around it all of these others.

The CHAIRMAN. How long have you been in the Agricultural Department, Mr. Saylor?

Mr. SAYLOR. I have been there eleven years.

The CHAIRMAN. Previous to that time, did you have any experience in raising sugar beets?

Mr. SAYLOR. Mr. Chairman, I was raised on a farm and educated in an agricultural college. I was a special agricultural chemist; I was a member of the board of trustees of an agricultural college, and chairman of a committee of an agricultural experiment station for thirteen years.

Mr. BONYNGE. Mr. Sailor, you stated that the development of the sugar beet industry depends upon the attitude of Congress toward the sugar industry. What did you mean by that, specifically?

Mr. SAYLOR. That brings me into the line of statesmanship. That is hardly my line; but I will make it plain, since you have asked the question.

The CHAIRMAN. Before you go any further, Mr. Saylor, I want to have you explain to the committee how you understood that the

chairman of the committee had sent you an invitation to come here. Who told you that?

Mr. SAYLOR. I think Secretary Wilson told me that.

The CHAIRMAN. Oh! I understand it now.

Mr. BONYNGE. Now, let Mr. Saylor answer the question that I put to him. You stated that the development of the beet sugar industry depends upon the attitude of Congress toward the industry.

Mr. SAYLOR. Yes, sir.

Mr. BONYNGE. And I asked you to state what you meant, specifically, by that remark of yours.

Mr. FORDNEY. Will you let me add one thing to your question?

Mr. BONYNGE. Yes; go ahead.

Mr. FORDNEY. Mr. Saylor, in addition to that, do you think the industry needs protection in order to develop it?

Mr. SAYLOR. That is a matter of opinion on my part.

Mr. BONYNGE. What is your opinion?

Mr. SAYLOR. I think so.

Mr. FORDNEY. I respect your opinion highly.

The CHAIRMAN. I think we all agree on that point, Mr. Saylor.

Mr. SAYLOR. All right.

Mr. BONYNGE. How much territory is there in the United States that is adapted to the growing of sugar beets? Can you state how much territory of that kind there is in the United States?

Mr. SAYLOR. It is adapted to a large part of the farming district of New York, Pennsylvania—I am talking now about the real farming districts—in fact, you can take a line drawn across the country that will take in Chicago, the Northern States, say, Minnesota, Michigan, Wisconsin, the northern half of the State of Iowa, both the Dakotas, Colorado, Utah, Idaho, Montana, and it is adapted to nearly all of the intermountain States where they can get water.

Mr. BONYNGE. It takes irrigation, of course.

Mr. SAYLOR. Out in that country; yes. It is a vast country.

The CHAIRMAN. Have you ever investigated the soil of these different States?

Mr. SAYLOR. I am not a scientist in that line, you know. I have investigated it in the way of having it investigated by our scientists. I have been collecting all that sort of information.

The CHAIRMAN. You have studied their investigations, in other words?

Mr. SAYLOR. Yes.

The CHAIRMAN. And determined from them where the soil was adapted to this industry?

Mr. SAYLOR. Yes; but I have charge more largely, Mr. Chairman, of other matters.

The CHAIRMAN. You speak of New York. What part of New York do you say is especially adapted to this industry?

Mr. SAYLOR. Almost any of the well-cultivated portions.

The CHAIRMAN. Do you know what percentage of saccharine matter they find in the sugar beets raised around the Lyons factory?

Mr. SAYLOR. Yes. It will run from 14 to 15 per cent; somewhere around there.

The CHAIRMAN. A good, high percentage?

Mr. SAYLOR. A good, fair percentage.

The CHAIRMAN. You find that soil pretty well adapted to almost anything, do you not?

Mr. SAYLOR. Yes; very well adapted. The point about Lyons is that the industry there has had to contend with so many specialized interests—too much peppermint and cabbage and things like that.

Mr. FORDNEY. They raise everything there but Democrats.

The CHAIRMAN. That soil will raise anything?

Mr. SAYLOR. Anything; but a soil in order to raise sugar——

The CHAIRMAN. I know about that. That is right in my district.

Mr. SAYLOR. I know it, Mr. Chairman. It is all right.

Mr. BONYNGE. What is the percentage of saccharine matter in the beets raised in Colorado?

Mr. SAYLOR. It will average about 15 per cent. That is what it will average.

The CHAIRMAN. That is where they irrigate?

Mr. SAYLOR. That is where they irrigate.

The CHAIRMAN. The trouble with us about Lyons is that we have a little too much water sometimes.

Mr. SAYLOR. What I want to say, Mr. Chairman, if you will just allow me to drop a few remarks, is this——

The CHAIRMAN. We are glad to have you drop in remarks all the time. It will save us asking questions.

Mr. SAYLOR. If I can help the committee, it may be drawn out; but I will drop in what I can. What we look upon in the department as my special work is the fact that the sugar industry offers for the future the one great impetus to develop the agricultural country. It offers a good many things. It induces the investment of capital. It takes a lot of money to build a sugar factory; but you can not grow sugar beets on land alone. It encourages rotation. It will build up a tobacco district, for instance, as it has done in Wisconsin. Up in Wisconsin they antagonized the sugar beet industry because they had had a hard time in getting land enough to grow their tobacco. But after the sugar industry went in, and they developed land to grow sugar beets, their sugar beets left the land in condition to produce tobacco. Now they have increased their tobacco area greatly. The sugar industry is one that appeals to cooperation, and encourages every other industry in the agricultural line, especially the intensive lines, such as producing milk—the dairy, the creamery, feeding, etc. The sugar beet is one of the things and about the only crop that we know of that will go out and clarify land that is charged with alkali. The sugar beets are driving the alkali lands out in California and Nebraska. They are driving them out of existence. They are producing lands; and it is because it is so general, so helpful, that it appeals to the Department of Agriculture. It takes years to develop those conditions, to bring about all the results that must come from this industry; and that is why I take the liberty of suggesting that it ought to be fostered and taken care of until it can bring about these results.

Mr. FORDNEY. Mr. Saylor, the Agricultural Department has sent out a great deal of literature in the last few years encouraging the beet sugar industry, has it not?

Mr. SAYLOR. We have done everything we could. We have implicit faith in that industry, with every other thing that has gone into the country; and so far as we could we have encouraged it. We have given our people encouragement.

Mr. FORDNEY. You have heard here the statement as to the cost of production in the United States, have you, Mr. Saylor?

Mr. SAYLOR. Yes.

Mr. FORDNEY. Does that agree with your ideas and information?

Mr. SAYLOR. In the main it does. Understand, I am not technical on the question of producing sugar; but I have been for eleven years around sugar factories all the time, and in that time a person will get more or less information.

Mr. FORDNEY. You have investigated, Mr. Saylor, the cost of production of sugar in Cuba, have you not?

Mr. SAYLOR. Yes, sir.

Mr. FORDNEY. What is the average cost of producing sugar there?

Mr. SAYLOR. At the time I made up the estimate—and I went through thoroughly in Cuba, and took the items off the books—it cost about $1.50 a hundred pounds.

Mr. FORDNEY. A dollar and a half per hundred pounds of 96 per cent sugar?

Mr. SAYLOR. I think the French experts put it at $1.25. That was some years ago. I think perhaps wages are a little higher now.

The CHAIRMAN. Are there any further questions? Have you any further statement to make, Mr. Saylor?

Mr. SAYLOR. I have none to make. I am simply here because I supposed I was called here.

Mr. CRUMPACKER. Just one question. You are the author of Report No. 86, issued by the Department of Agriculture, on the beet sugar industry?

Mr. SAYLOR. Yes, sir.

Mr. CRUMPACKER. I refer to the one issued in last September.

Mr. SAYLOR. Yes, sir.

Mr. CRUMPACKER. That goes into the subject quite fully?

Mr. SAYLOR. Yes.

Mr. CRUMPACKER. From all of its standpoints?

Mr. SAYLOR. Yes. That is, the last year's report.

Mr. UNDERWOOD. What report is it that you refer to?

Mr. CRUMPACKER. Report No. 86.

Mr. SAYLOR. That is the report of last year, on the progress of the beet sugar industry. I have one for every year of my eleven years' investigations.

Mr. CRUMPACKER. These reports have been issued annually for several years?

Mr. SAYLOR. Yes, sir.

The CHAIRMAN. Is there any other gentleman who would like to be heard now?

(Mr. McCormick arose.)

STATEMENT OF G. W. McCORMICK, ESQ., OF MENOMINEE, MICH.

The CHAIRMAN. Give your name to the stenographer and also to the committee.

Mr. McCORMICK. My name is G. W. McCormick. I am manager of the Menominee River Sugar Company, of Menominee, Mich. We have the only beet sugar factory in the Upper Peninsula of Michigan, and we are located so close to Wisconsin that it is rather difficult to know which State we are in. We are in an island in the middle of the river, which is the boundary line. We get about three-fourths of our beets from the State of Wisconsin. We have a factory which

has a capacity of 1,000 tons of beets every twenty-four hours. The capital stock of our company is $825,000, which is all subscribed by local people. We have no entanglements. We are quite isolated, situated as we are in the upper peninsula. Our people were induced to invest their money there in a beet sugar factory because they believed that the protection that was given to beet sugar in this country would warrant their entering into the manufacture of beet sugar at a profit. Most of our subscribers are men who had made their money out of the lumber business; but when they began to manufacture sugar from beets they found out that it was not cutting lumber from saw logs, and we found rather a serious problem, first, in getting the farmers acquainted with the growing of sugar beets. That is the most serious problem that we have to contend with. The soil is well adapted for this crop. The climate is equally well adapted, but the farmer had not had the experience in intensive farming that is necessary at first to make a success of this crop. However, after five years' time and a considerable agricultural force, which has cost us about twenty to twenty-four thousand dollars a year, we have been able to get our farmers interested in the better cultivation of the soil and in the successful growing of sugar beets.

I am not here, gentlemen, to give you any statistics. I think you have heard enough; at least, if I were on the committee I would have said that I had heard almost enough. I do not want to take any of your time. I just want to say that our corporation sent me down here to represent them, and represent their voice and sentiment to the extent of saying that they do not want to see any reduction in the tariff on sugar. As to the matter of what it costs to produce beet sugar, you have heard already statements from Mr. Smith and Mr. Hathaway, and their statements correspond with our experience. As to the question of the selling price of sugar, we sell in the same market that they do; therefore our price is the same. The profits on the business, gentlemen, would not induce any of you men sitting there to come up and pay more than par, I assure you, for the stock. We have had two dividends of 5 per cent in five years in our corporation. And our people feel about this a good deal as a farmer would feel who had developed a fine herd of well-bred stock and had a good pasture for them to live in. He would not want to turn around and throw the fences all down, and let a lot of rawboned, scrawny outsiders that he had no use for come in and eat up that pasture that he had for his own stock. And they feel that if we have got a good market in the United States it belongs to the people of the United States, who have invested their money in institutions here, and not to the outside world, in which we have not anything more than a sentimental interest.

That is all I have to say.

The ACTING CHAIRMAN (Mr. DALZELL). Are there any questions, gentlemen? If not, that is all, Mr. McCormick.

Any gentlemen who are desirous of being heard to-morrow will please give their names to the clerk. Some embarrassment results from parties coming who have given no notice to the clerk. It is desirable, therefore, that he should have the names before we start in in the morning.

The committee will now take a recess until 9.30 to-morrow morning.

(Thereupon, at 5 o'clock p. m., the committee adjourned to meet at 9.30 o'clock on Tuesday morning, November 17, 1908.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

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COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman*.

JOHN DALZELL.	NICHOLAS LONGWORTH.
SAMUEL W. McCALL.	EDGAR D. CRUMPACKER.
EBENEZER J. HILL.	CHAMP CLARK.
HENRY S. BOUTELL.	WILLIAM BOURKE COCKRAN.
JAMES C. NEEDHAM.	OSCAR W. UNDERWOOD.
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JOSEPH W. FORDNEY.	JAMES M. GRIGGS.
JOSEPH H. GAINES.	EDWARD W. POU.
ROBERT W. BONYNGE.	CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Tuesday, November 17, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. We will hear Mr. Atkins first this morning.

STATEMENT OF MR. EDWIN F. ATKINS, OF BOSTON, MASS.

Mr. ATKINS. I had the honor to appear before your committee during the discussion of the Cuban reciprocity treaty in 1902. We appealed then for a differential in favor of Cuban sugar, and while we did not get all that was asked for, we did get a preferential duty, which worked manifestly to the benefit of Cuba during the first year or two. That treaty expires next month. It was made for five years, and the five years expire next month. Therefore it is subject to cancellation by either contracting party on twelve months' notice. Of course it is a matter of importance, and the Cuban people are naturally anxious about the course to be pursued.

I have here a cable, which I have the honor to present to you, from the president of the Agrarian League of Cuba, the successor of the Planters' Association. The Agrarian League takes in the sugar manufacturers and also the agricultural interests, not only pertaining to sugar, but to other interests, including cattle. It reads:

> Please represent Cuban Agrarian League at Washington and request committee to reserve decision until Cuban case can be presented through proper channels.
>
> (Signed) NEGRA,
> *President Agrarian League.*

Following this I received another cable from Cuba, the translation of which I will give you. It comes from the president of the Economic Committee of Business Organizations. That committee, I might explain, is similar to our merchants' associations in the North. It is the committee that represents the different associations on all the economic questions and takes into consideration various interests. The cable reads as follows:

> Economic Committee adds its authority to that of the Liga Agraria and begs you to make similar request in respect to tobacco in case this article is brought up.
>
> (Signed) GELATS.

That cable was sent through a misapprehension that the tobacco schedule was to be discussed jointly with the sugar schedule, which has not been the case.

I will present these cables to the clerk of the committee and suggest that they be filed with the tobacco papers.

The discussion of the sugar schedules involves very large interests and conflicting interests. It includes the domestic sugar and the colonial interests whose sugar pays no duty and goes into consumption free of tax. It includes the very large Cuban interest, which is a matter of the most vital importance, and the Philippine Islands question, their sugar interests, and the very large refining interests of this country. I suppose the refining interests of this country represent close to $200,000,000, $175,000,000 to $200,000,000, of invested capital. Yesterday the beet interests were mentioned as aggregating some $60,000,000, a large sum and one worthy of every consideration, but the refining interests far outweigh that in point of investment.

I would state, gentlemen, that I am here not to speak with authority from the planters' associations in regard to what course may be pursued, but to make suggestions on my own responsibility, leaving them to make their suggestions at a later time, after they have had their meetings and can present the result through diplomatic channels.

Among my various interests I have that of sugar manufacturing in the island of Cuba. This interest was not recently acquired, not acquired for speculative purposes, but it came to me as the result of business established nearly three-quarters of a century ago, an interest which I took up and have developed in my time. The third generation is now about entering upon it. This was entered into at a time when the merchants of New England had extended their commercial relations throughout the world and at a period when it was not considered unpatriotic to have commercial relations with other nations and at a period when foreign investment acquired through such business relations was not referred to as expatriated capital.

I want to call your attention to the sugar schedules and the rates of duty thereon. A reference to the Statistical Abstract of 1907 shows among its valuable information the ad valorem rates assessed upon the various schedules. I have taken a list of the principal schedules on our tariff, and I will refer briefly to them and file the figures for your reference and verification.

The tobacco schedule, yielding a revenue of $26,125,000, came at the head of the list, paying an ad valorem rate of 87.19 per cent. Next came spirits, wines, and liquors, yielding a revenue of $15,797,000, paying an ad valorem rate of 73.14 per cent. Next came the very small item of beverages, including mineral water, ginger ale, etc., yielding a revenue of only $64,000, about 1 per cent of the revenue derived from sugar. That paid 66.16 per cent. Then came sugar and molasses, the schedule known as the "sugar schedule," yielding last year, which was abnormal and which I will explain later on, a revenue of $60,335,000, which pays an ad valorem of 65.03 per cent. Eliminating the molasses, the ad valorem rate was 65 per cent. Below follow, in the order of their importance, lead, earthenware, wool and its manufactures, so often referred to as being an extremely high schedule, which paid 58.19 per cent, as against 65½ per cent on sugar. Then I have taken the other important schedules, and we come down to leather and its manufactures, 30.93 per cent; iron and steel and manufactures, 28.83 per cent; and chemicals, about 25 per cent.

What I wish to call your attention to is this: The statistical report gives the average ad valorem price of duty on all imported articles for the year 1907 as 42½ per cent. Deducting sugar and molasses, the average rate was 39½ per cent on all articles imported into the United States as against 65½ per cent on sugar.

The CHAIRMAN. Please state that again.

Mr. ATKINS. The whole statement of the schedule?

The CHAIRMAN. I wish you would repeat your last statement.

Mr. ATKINS. My last statement was this, that the statistics show that the whole ad valorem rate of duty on all imported merchandise was 42½ per cent. That is given in the Statistical Abstract. Deducting sugar from the imports, the ad valorem rate on all articles, exclusive of sugar and molasses, was 39½ per cent. Sugar, exclusive of molasses, 65½ per cent. I have compared this with the other schedules in the order of their importance.

Champagne, not a schedule but an article in the liquor schedule, paid 54.25 per cent, against 65½ per cent on sugar. In other words, sugar is classed among the luxuries, while it is an article of prime necessity, as our friend, Mr. Oxnard, told us yesterday.

The table referred to by Mr. Atkins follows:

SCHEDULE A.—*Showing revenue and ad valorem rates of duties upon principal tariff schedules; Statistical Abstract and Report of Bureau of Commerce and Labor, 1907.*

	Revenue.	Rate.
		Per cent.
Tobacco and manufactures	$26,125,000	87.19
Spirits, wines, and liquors	15,797,000	73.14
Beverages	64,000	66.16
Sugar and molasses	60,335,000	65.03
Lead and manufactures	982,000	59.71
Earthenware	8,024,000	58.56
Wool and manufactures	36,555,000	56.19
Cotton and manufactures	38,099,000	53.38
Glass and glassware	3,921,000	53.22
Brass and manufactures	43,000	45.32
Carriages	2,116,000	44.90
Salt	207,000	43.75
Breadstuffs	1,457,000	34.54
Vegetable fibers and manufactures	22,538,000	33.66
Leather and manufactures	6,134,000	30.98
Iron and steel and manufactures	12,323,000	28.83
Chemicals	7,523,000	24.88

Going back for a few years, a period of ten years, we find the ad valorem rate on sugar in 1898 as 77.11 per cent, then 76 per cent—I omit the fraction—71 per cent, 72.43 per cent, about 87 per cent, 96.48 per cent, 74.65 per cent, 56.17 per cent, that is 1905. In 1906 it was 61.12 per cent, and in 1907 65.03 per cent—that is, sugar and molasses together, sugar being 65½ per cent.

The reduced duties under Cuban reciprocity covering the years 1904 to 1907 showed a reduction. Under the existing conditions 3¾ cents duty paid may be considered a full normal price for twelve months, which would indicate an ad valorem rate of about 65 per cent. That is for the sugar under the continuance of the present schedule, although the short Cuban crop of 1908 and higher f. o. b. values will temporarily reduce the rate on an ad valorem basis.

I will file this statement for verification.

The statement referred to by Mr. Atkins follows:

Average values centrifugal sugar, 95 test, with average ad valorem rates of duty, as returned in Statistical Abstract, 1907, for sugar and molasses.

Year.	New York value duty paid.	Ad valorem rate duty on f.o.b. value.	Year.	New York value duty paid.	Ad valorem rate duty on f.o.b. value.
1898	4.23	77.11	1904	3.97	74.65
1899	4.42	75.94	1905	4.27	56.17
1900	4.56	71.46	1906	3.68	61.12
1901	4.05	72.43	1907	3.75	65.03
1902	3.54	86.79			
1903	3.72	96.48	Total	4.02	73.72

NOTE.—Reduced duties under Cuban reciprocity cover years 1904 to 1907. Nineteen hundred and five was a year of short crops in Europe.

Under existing conditions 3¾ cents duty paid may be considered a full normal average price for twelve months, which would indicate an ad valorem rate of about 65 per cent, although the short Cuban crop of 1908 and higher f. o. b. values will temporarily reduce the rate on an ad valorem basis.

Mr. ATKINS. Since the arguments before your committee in 1902, the statistical position of sugar has completely changed. The year 1898, which was the year of the Spanish war, showed a consumption of a little over 2,000,000 gross tons. The free sugar supply—and I refer to the free sugar supply as domestic, domestic including the sugar produced in the United States and under the American flag in her colonies paying no duty—the domestic supply was then 556,000 tons, the Cuban crop 230,000 tons, the requirements of all other countries being 1,217,000 tons. Ten years later, in 1907, the consumption had risen to approximately 3,000,000 tons, the free sugar supply to 1,278,000 tons, the Cuban crop to 1,428,000 tons, and the requirements of all other countries had fallen to less than 300,000 tons. I am giving the statistics of 1907, as the statistics of 1908 are not completed and available.

This shows that during the ten-year period which I have quoted the consumption of the United States increased 991,000 tons, the average annual increase being slightly under 5 per cent. During the same period the supply of free sugar increased 722,000 tons, the Cuban crop 1,198,000 tons, while our requirements from all other countries have decreased 929,000 tons, and the revenue under the Dingley tariff—if we except the year 1907, when there were large imports just previous to the end of the fiscal year which went into the trade and statistical year ending six months later, but they came in previous to the financial year and show a large increase—except that the revenue has not increased since 1897, but it has rather diminished in the face of the steady increase of consumption.

Now, this condition has naturally wrought a great change in the price of Cuban sugar. When this treaty was made it was our hope and it was the expectation of the government officials of the United States that this differential accorded to Cuba—20 per cent, amounting to 34 cents a hundred pounds—would accrue largely, I will not say entirely, but largely to the benefit of the Cuban producers, they in turn having given a differential running from 30 to 40 per cent on United States goods entering their ports as against foreign goods.

The rapid increase in the domestic production and in the Cuban crop jointly have now almost supplied the requirements of the United States to within 300,000 tons, and naturally the differential has been loss to Cuba. She does not get now but very little of that differential; how little I have tried to explain by this schedule, which I will not read, but will place on file.

I have prepared in this schedule [exhibiting schedule] the weekly market quotations taken from the reports of Messrs. Willett & Gray, giving in the first column the quotations of Hamburg beets. I have not gone into the daily quotations, that not being necessary. The second column shows the parity of beet sugars as compared with centrifugal sugars, when those beet sugars are landed in New York. The third column gives the selling price of Cuban centrifugal sugar as compared with the parity of beet sugars in New York at the same date. The next column shows the per cent per 100 pounds which centrifugal sugars received below the parity of beet sugars landed in New York. In connection with this I have placed here a column showing the weekly receipt of sugars in the Atlantic ports, meltings, and the receipts in Cuban ports as the crops came forward and accumulated there ready for shipment.

Now the differential accorded to Cuba amounts to 34 cents a hundred pounds. On January 3 the market in New York ruled 28 cents below the parity of Europe. The next week 28 cents. The next week 34 cents, absorbing all the differential. The next week 36 cents; then 32 cents, then 42 cents, then 43 cents, then 49 cents, then 46 cents, then 38 cents, then 41 cents, then 41 cents, then 35 cents, then 32 cents. Then, as the Cuban sugar began to decrease, it diminished and the market rose nearer to the parity of Europe. The following year, 1908, the year commenced on January 2 with a quotation of 24 cents a hundred pounds below the parity of Europe against the 34 cents differential, and the quotations followed—12 cents, 15 cents, 26 cents, 34 cents, 36 cents, 40 cents, 39 cents, 23½ cents, 27 cents, and 17 cents by the middle of March. At that time a great shortage in the Cuban crop began to become apparent and buyers were attracted to the market and bought sugars in advance for future shipment, putting the market up. That parity gradually rose, and by the end of May, when the Cuban receipts in the various ports had been reduced from 58,000 pounds to two or three thousand pounds, the difference in the parity was only 8 cents, and it ruled in that way during the rest of the year, at times, in a few instances, rising to a full parity.

The point I wish to illustrate here is that during the period of heavy Cuban receipts, whether those receipts were forwarded to New York or Boston or Philadelphia, or whether they accumulated in the stores in the ports of Cuba, the pressure to sell, owing to the excessive receipts over requirements, brings the sugar market down in New York so that the Cuban planters lose the differential that is accorded to them. It is no fault of the Government; nobody can be blamed for it. The buyers buy as cheaply as they can, as we all do, and where a refiner wants two or three cargoes of sugar and eight or ten cargoes are offered he is going to take the best price.

Mr. McCall. In other words, the sellers compete with each other?

Mr. Atkins. Yes, sir. The same thing was illustrated yesterday in the condition of Louisiana and in the condition of beet sugar. It

is the excess of supply over the demand that puts the market down, and when the demand is in excess of the supply then the market goes high. It is the simplest law of commercial trade and the one most apt to be overlooked.

It is a popular impression on the part of a great many who are not conversant with the real situation that the refiners get this differential accorded to Cuba which the Cuban producer ought to get. That is a fallacy.

The statement referred to by Mr. Atkins follows:

SCHEDULE C, 1907.

Date.	Hamburg beets (sterling).	Ditto parity centrifugal New York.	Cuban centrifugal, duty paid.	Below parity of Europe against 34 cents differential.	Ditto c. and f.	Receipts all sugars Atlantic ports.	Meltings.	Receipts in Cuba, 6 ports.
Jan. 8	8.9¾	3.84	3.56	0.28	2.21	23,438	20,000	27,000
Jan. 10	8.9¾	3.84	3.56	.28	2.21	28,119	27,000	31,000
Jan. 17	8.9¾	3.84	3.50	.34	2.15	31,855	27,000	45,000
Jan. 24	8.9¾	3.84	3.48	.36	2.13	30,829	28,000	56,000
Jan. 31	8.7½	3.80	3.48	.32	2.13	23,992	28,000	61,000
Feb. 7	8.9¾	3.84	3.42	.42	2.07	36,524	28,000	61,000
Feb. 14	8.10½	3.85	3.42	.43	2.07	40,727	35,000	65,000
Feb. 21	8.11¼	3.87	3.38	.49	2.03	60,594	35,000	65,000
Feb. 28	9.0	3.88	3.42	.46	2.07	63,640	35,000	65,000
Mar. 7	9.0¾	3.89	3.51	.38	2.16	54,464	35,000	62,000
Mar. 14	9.1½	3.91	3.50	.41	2.15	47,422	35,000	60,000
Mar. 21	9.2¼	3.92	3.51	.41	2.16	63,896	40,000	60,000
Mar. 28	9.3	3.93	3.58	.35	2.23	33,125	40,000	61,000
Apr. 4	9.3	3.93	3.61	.32	2.26	38,765	34,000	60,000
Apr. 11	9.8	3.93	3.735	.195	2.385	36,188	37,000	39,000
Apr. 18	9.5¼	3.98	3.765	.215	2.415	57,620	39,000	37,000
Apr. 25	9.5¼	3.98	3.73	.25	2.38	76,891	39,000	37,000
May 2	9.6	3.99	3.765	.225	2.415	40,898	39,000	34,000
May 9	10.0¾	4.12	3.83	.29	2.48	64,787	41,000	29,000
May 16	9.10½	4.07	3.86	.21	2.51	46,691	34,000	22,000
May 23	9.11¼	4.09	3.92	.17	2.57	65,985	42,000	16,000
May 29	10.0	4.11	3.90	.21	2.55	33,369	41,000	10,000
June 6	9.11¼	4.09	3.84	.25	2.49	64,437	41,000	7,000
June 13	9.9	4.04	3.73	.31	2.38	70,439	43,000	4,000
June 20	9.8¼	4.03	3.71	.32	2.36	42,550	41,000	2,000
June 27	9.9	4.04	3.875	.165	2.525	61,632	45,000	2,000
July 3	9.6¾	4.00	3.835	.165	2.485	22,135	46,000	1,000
July 11	9.5¼	3.98	3.835	.145	2.485	14,983	46,000	1,000
July 18	9.9	4.04	3.835	.205	2.485	19,592	47,000	1,000
July 25	9.9	4.04	3.94	.10	2.59	13,840	47,000	None.
Aug. 1	9.9	4.04	3.94	.10	2.59	15,620	46,000	None.
Aug. 8	9.9	4.04	3.94	.10	2.59	31,887	44,000	None.
Aug. 15	9.9	4.04	3.89	.15	2.54	27,958	39,000	None.
Aug. 22	9.11¼	4.09	3.89	.20	2.54	47,971	37,000	None.
Aug. 29	9.11¼	4.09	3.92	.17	2.57	40,425	40,000	None.
Sept. 5	10.3	4.16	3.92	.24	2.57	35,619	36,000	None.
Sept. 12	10.0	4.11	3.95	.16	2.60	18,536	41,000	None.
Sept. 19	9.11¼	4.09	3.95	.14	2.60	25,397	41,000	None.
Sept. 26	10.0	4.11	3.95	.16	2.60	30,071	41,000	None.
Oct. 3	9.9	4.04	3.95	.09	2.60	39,560	41,000	None.
Oct. 10	9.8¼	4.03	3.95	.08	2.60	43,931	41,000	None.
Oct. 17	9.4½	3.96	3.90	.06	2.55	16,300	41,000	None.
Oct. 24	9.3	3.93	3.90	.03	2.55	47,485	41,000	None.
Oct. 31	9.3	3.93	3.90	.03	2.55	34,586	41,000	None.
Nov. 7	9.4½	3.96	3.90	.06	2.55	31,293	35,000	None.
Nov. 14	9.5¼	3.98	3.80	.18	2.45	27,415	33,000	None.
Nov. 21	9.4½	3.96	3.70	.26	2.35	6,538	33,000	None.
Nov. 27	9.3	3.93	3.625	.305	2.275	11,754	33,000	None.
Dec. 5	9.5¼	3.98	3.625	.355	2.275	40,455	28,000	None.
Dec. 12	9.9	4.04	3.85	.19	2.50	19,863	33,000	None.
Dec. 19	9.8¾	4.03	3.85	.18	2.50	15,988	33,000	None.
Dec. 26	9.10½	4.07	3.85	.22	2.50	11,612	30,000	1,000

SCHEDULE D, 1908.

Date.	Hamburg beets (sterling).	Ditto parity centrifugal New York.	Cuban centrifugal, duty paid.	Below parity of Europe against 34 cents differential.	Ditto c. and f.	Receipts all sugars Atlantic ports.	Meltings.	Receipts in Cuba, 6 ports.
Jan. 2	9.11½	4.09	3.85	0.24	2.50	22,275	25,000	2,000
Jan. 9	9.9¾	4.06	3.94	.12	2.59	16,261	24,000	9,000
Jan. 16	9.10½	4.07	3.92	.15	2.57	15,321	25,000	10,000
Jan. 23	9.11½	4.06	3.75	.34	2.45	8,225	25,000	15,000
Jan. 30	9.9¾	4.09	3.80	.26	2.40	21,627	25,000	21,000
Feb. 6	10.0	4.11	3.75	.36	2.40	41,523	27,000	40,000
Feb. 13	9.10½	4.07	3.67	.40	2.32	48,992	28,000	49,000
Feb. 20	9.9¾	4.06	3.67	.39	2.32	42,165	20,000	56,000
Feb. 27	10.0¾	4.12	3.885	.235	2.535	68,682	32,000	56,000
Mar. 5	10.3	4.16	3.89	.27	2.54	45,046	35,000	52,000
Mar. 12	10.6¾	4.22	4.05	.17	2.70	55,780	35,000	50,000
Mar. 19	11.0¾	4.33	4.125	.205	2.775	62,307	34,000	45,000
Mar. 26	11.4½	4.40	4.36	.04	3.01	28,442	40,000	40,000
Apr. 2	11.4½	4.40	4.36	.04	3.01	37,079	40,000	39,000
Apr. 9	11.6	4.43	4.36	.07	3.01	36,768	41,000	32,000
Apr. 16	11.8¼	4.47	4.36	.11	3.01	64,516	41,000	27,000
Apr. 23	11.9¾	4.50	4.42	.08	3.07	49,273	39,000	18,000
Apr. 30	11.8¼	4.47	4.42	.05	3.07	65,663	39,000	10,000
May 7	11.8¼	4.47	4.36	.11	3.01	49,224	40,000	8,000
May 14	11.5¼	4.42	4.36	.06	3.01	76,003	41,000	11,000
May 21	11.2¼	4.36	4.24	.12	2.89	62,901	41,000	10,000
May 28	11.4½	4.40	4.27	.13	2.92	42,366	41,000	5,000
June 4	11.2¼	4.36	4.36		3.01	38,712	41,000	4,000
June 11	11.4½	4.40	4.40		3.05	19,644	45,000	5,000
June 18	11.0¾	4.33	4.31	.02	2.96	46,227	45,000	2,000
June 25	11.0¾	4.33	4.25	.08	2.90	47,634	43,000	2,000
July 2	11.5¼	4.42	4.39	.03	3.04	35,795	45,000	2,000
July 9	11.5¼	4.42	4.39	.03	3.04	37,682	43,000	2,000
July 16	11.3	4.37	4.36	.01	3.01	29,434	45,000	1,000
July 23	10.10½	4.29	4.25	.04	2.90	30,725	45,000	None.
July 30	10.8¼	4.25	4.25		2.90	54,100	44,000	None.
Aug. 6	10.2¼	4.15	4.125	.025	2.775	24,126	40,000	None.
Aug. 13	10.0¾	4.12	4.08	.04	2.73	31,417	37,000	None.
Aug. 20	9.10½	4.07	4.08	+.01	2.73	31,600	37,000	None.
Aug. 27	9.5¼	3.98	3.90	.08	2.55	44,917	37,000	None.
Sept. 3	9.8¼	4.03	3.96	.07	2.61	20,417	38,000	None.
Sept. 10	9.6	3.99	3.90	.09	2.55	56,251	37,000	None.
Sept. 17	9.9	4.04	3.95	.09	2.60	38,386	40,000	None.
Sept. 24	10.0	4.11	3.98	.13	2.63	38,885	40,000	None.
Oct. 1	9.6	3.99	3.98	.01	2.63	46,102	40,000	None.
Oct. 8	9.6¾	4.00	3.98	.02	2.63	61,140	45,000	None.
Oct. 15	9.11¼	4.09	3.96	.13	2.61	19,950	45,000	None.
Oct. 22	10.4½	4.19	4.04	.15	2.69	26,342	45,000	None.
Oct. 29	9.11¼	4.09	3.98	.11	2.63	55,550	45,000	None.
Nov. 5	10.1½	4.14	3.95	.19	2.60	36,365	40,000	None.
Nov. 12	10.3	4.16	3.94	.22	2.59	25,470	45,000	None.

Mr. ATKINS. I have prepared another statement showing the weekly quotations, from Messrs. Willett & Gray, of centrifugal and granulated sugar at an equal date. This schedule covers a period of two years, 1907 and 1908, up to November 12. It shows that in the early part of 1907 the refiners' margin reached for a short period 1⅛ cents. Granulated sugar sold at 1⅛ cents over the price of raw sugars, but that was for a very short period, and by the middle of March the market began to drop to 97 cents, 94 cents, 91½ cents, 88½ cents, 87 cents, 83½ cents, 87 cents, and so on. During the summer months the margin dropped on the 25th of July to 76 cents a hundred pounds, and then it ran to 71 cents, 71 cents, 76 cents, 76 cents, 73 cents, 73 cents, 70 cents for a number of weeks, then 75 cents again, then it rose to 80 cents and up to 97 cents, at the very end of the year, after the last of November, but late in December it again dropped to 70 cents.

Mr. FORDNEY. What caused that drop in the price?

Mr. ATKINS. The pressure of sugars on the market late in the season from Louisiana and from the beet districts, the supply exceeding the demand.

Mr. FORDNEY. Were you speaking of refined sugar?

Mr. ATKINS. I am showing the prices of refined sugar and how they have followed the course of raw sugar. The refiner always attempts to maintain a margin, and the margin figures show a slight fraction over 90 cents a hundred.

Mr. FORDNEY. Then it is not true that the sugar trust fixes the prices both for the raw and the refined sugar?

Mr. ATKINS. It fixes it in this way, by being the larger seller. It is really fixed by the refiner buying it and you selling it. It is fixed by the producer. The refiner buys just as cheaply as he can buy. If he wants one cargo and three cargoes are offered, he buys the cheapest cargo.

Mr. FORDNEY. There is a general impression that the American Sugar Refining Company fixes the price in the United States market both for refined and raw sugar.

Mr. ATKINS. The raw sugar market is fixed by the price abroad, the price at which the refiner can buy. He will not pay any more for domestic sugar than the foreign sugar will cost him, and if he can buy the domestic sugar at a less price he takes the domestic sugar. The refiner buys just as cheaply as he can, just as you gentlemen would do under similar circumstances; you would not pay more than the asking price for any article of merchandise.

Mr. FORDNEY. Are Cuban raws bringing in our market as much as German raws?

Mr. ATKINS. No. This table I have just presented shows that the price of Cuban raw sugar is largely below the parity of Europe. The reason is that the Cuban sugar, plus the domestic supply, is almost enough to meet the United States requirements. We do not need any from abroad. If the price of German sugar drops the Cuban is enabled to cut his price to the extent of the differential, but the domestic producer, having an advantage of $1.35 a hundred over the Cuban producer, can cut his price down—I can not saw how far; but we see now they are cut far below the Cuban price. The whole thing is governed by the very simple law of supply and demand, and I think that we are all perhaps a little inclined when we are disappointed in getting a certain price for the goods to throw the blame on somebody else.

The cost of refining is generally admitted to be about 62 cents a hundred pounds, and if the refiner gets a margin between the cost of his raw sugar and the price of his refining of 90 cents a hundred pounds during the year, he makes the difference between the cost of refining, 62 cents, and 90 cents, which gives him a profit of about 28 cents a hundred pounds. I mention that to contradict the statement—it has not been made here, but it is often made—that the refiner, we will not say the trust, gobbles this differential which is given to Cuba. The figures show that is not so. He can not get it. He could not get it if he wanted to; there is too much competition among the refiners themselves.

(The statement referred to by Mr. Atkins follows:)

SCHEDULE E.—REFINERS' MARGIN, 1907.

Date.	Price granulated.	Price centrifugal.	Margin, 100 pounds.	Date.	Price granulated.	Price centrifugal.	Margin, 100 pounds.
January 3	4.62	3.56	1.06	July 3	4.85	3.835	1.015
January 10	4.50	3.56	.94	July 11	4.75	3.835	.015
January 17	4.62	3.50	1.12	July 18	4.75	3.835	.915
January 24	4.60	3.48	1.12	July 25	4.70	3.94	.76
January 31	4.65	3.48	1.17	August 1	4.65	3.94	.71
February 7	4.50	3.42	1.08	August 8	4.65	3.94	.71
February 14	4.55	3.42	1.13	August 15	4.65	3.89	.76
February 21	4.55	3.38	1.17	August 22	4.65	3.89	.76
February 28	4.55	3.42	1.13	August 29	4.65	3.92	.73
March 7	4.55	3.51	1.04	September 5	4.65	3.92	.73
March 14	4.55	3.50	1.05	September 12	4.65	3.95	.70
March 21	4.55	3.51	1.04	September 19	4.65	3.95	.70
March 28	4.55	3.58	.97	September 26	4.65	3.95	.70
April 4	4.55	3.61	.94	October 3	4.65	3.95	.70
April 11	4.65	3.735	.915	October 10	4.65	3.95	.70
April 18	4.65	3.765	.885	October 17	4.65	3.90	.75
April 25	4.60	3.73	.87	October 24	4.65	3.90	.75
May 2	4.60	3.765	.835	October 31	4.65	3.90	.75
May 9	4.70	3.83	.87	November 7	4.65	3.90	.75
May 16	4.85	3.86	.99	November 14	4.60	3.80	.80
May 23	4.85	3.92	.93	November 21	4.60	3.70	.90
May 29	4.85	3.90	.95	November 27	4.60	3.625	.975
June 6	4.85	3.84	1.01	December 5	4.55	3.625	.925
June 13	4.85	3.73	1.12	December 12	4.55	3.85	.70
June 20	4.85	3.71	1.14	December 19	4.55	3.85	.70
June 27	4.85	3.875	.975	December 26	4.55	3.85	.70

Average of margin, 0.903.

SCHEDULE F.—REFINERS'S MARGIN, 1908.

January 2	4.55	3.85	0.70	June 11	5.20	4.40	0.80
January 9	4.75	3.94	.81	June 18	5.25	4.31	.94
January 16	4.75	3.92	.83	June 25	5.25	4.25	1.00
January 23	4.75	3.80	.95	July 2	5.25	4.39	.86
January 30	4.75	3.75	1.00	July 9	5.25	4.39	.86
February 6	4.75	3.75	1.00	July 16	5.25	4.36	.89
February 13	4.65	3.67	.98	July 23	5.25	4.25	1.00
February 20	4.55	3.67	.88	July 30	5.15	4.25	.90
February 27	4.65	3.885	.765	August 6	5.05	4.125	.925
March 5	4.75	3.89	.86	August 13	5.05	4.08	.97
March 12	4.85	4.05	.80	August 20	5.05	4.08	.97
March 19	5.05	4.125	.925	August 27	4.75	3.90	.85
March 26	5.25	4.36	.89	September 3	4.95	3.96	.99
April 2	5.25	4.36	.89	September 10	4.95	3.90	1.05
April 9	5.25	4.36	.89	September 17	4.95	3.95	1.00
April 16	5.35	4.36	.99	September 24	4.95	3.98	.97
April 23	5.35	4.42	.93	October 1	4.95	3.98	.97
April 30	5.35	4.42	.93	October 8	4.85	3.98	.87
May 7	5.15	4.36	.79	October 15	4.85	3.96	.89
May 14	5.35	4.36	.99	October 22	4.75	4.04	.71
May 21	5.35	4.24	1.11	October 29	4.85	3.98	.87
May 28	5.20	4.27	.93	November 5	4.75	3.95	.80
June 4	5.20	4.36	.84	November 12	4.60	3.94	.66

Average, 0.908.

Mr. Atkins. I come now to the matter of cost to the Cuban interests. It seems to me, gentlemen, that this sugar schedule, the most important one in your tariff list, the one producing the largest revenue and the one involving enormous conflicting interests, can not be rightly considered without consideration of the Cuban and Philippine Island questions. Those three questions are so involved it would seem to me, unitiated as I am, that they must be considered jointly. It would be most difficult for a committee of the House to estimate revenue upon any schedule without counting on what the

State Department might do in the way of reciprocity treaties or what action it might take with reference to repealing the duty on the Philippine Island sugar, and for that reason I have suggested that the decision be reserved in accordance with the request from Habana until the whole question can be taken up and other parties not able to be present to-day can present their case.

We come now to the cost. So far we have not gotten at the real cost, in my opinion, of any sugars. I am prepared to state—while no accurate data is available in regard to the average cost in Cuba, I do not hesitate to state, from a very long experience there and a general knowledge of a great many things in a great many places—that the average f. o. b. price in Cuba at all ports, all districts, would be in the neighborhood of $2.20 a hundred pounds, 2.2 cents a pound; that is, f. o. b. To show what that means, the shipping charges, which in Cuba include the packages, amount on the average in all ports to 20 cents a hundred pounds. That would reduce the cost of the sugar in store to 2 cents a pound, United States currency. Out of that the manufacturer has to pay his inland freight to the different ports of shipment. The freight can be estimated for all ports and all distances at not less than 10 cents a hundred pounds.

The CHAIRMAN. You are speaking of 96° test sugar?

Mr. ATKINS. Yes, sir. All of the Cuban crop, practically all, and 91½ per cent of all the sugars imported into the United States, centrifugal sugars, are sold on the basis of 96°. That leaves a very small proportion of the low grades. One dollar and ninety cents is my opinion of the average cost, and I state it at a very low figure in order that no one may take exception to it; $1.90 is the cost at the factory. Various factories in Cuba, many of them, are doing it cheaper. I know they are doing it cheaper. I do not deny that I am doing it cheaper myself, but I know many estates can not do it for that price, a great many estates, fairly well conducted at that. That would leave the cost of the sugar in the cane—that is, the cost of the cane raw material entering into the manufacture of sugar, would figure $1.37 on a hundred pounds, leaving but a little over one-half cent a pound to pay all the other manufacturing expenses, a figure so low I have almost hesitated to give it, a figure so low that I believe my associates in Cuba would say that it represented less rather than more than the average cost. The figures I have given do not vary very much. They are somewhat higher, but little higher, than the figures given some years ago by General Bliss when he was before this committee.

Taking the sugar at $2.20 f. o. b. I want to say that leaves but $2.50 to the planter for his cane, out of which he must pay the cultivation, the depreciation of his fields, which is large, the depreciation of his cattle in use, harvesting expenses. Two dollars and fifty cents a ton, in my opinion, is a very low estimate to cover the actual cost, leaving him not one cent of profit on his business. The freight I have added at the rate of 25 cents a ton. Starting from $2.20 f. o. b. we may add 10 cents a hundred pounds as the average rate from all the ports in Cuba in normal years. The present duty on sugar is $1.35, the cost of refining 62 cents a hundred pounds. The freight to Chicago is at present, I believe, 28 cents. The lowest price at which granulated sugar can be laid down in Chicago refined from Cuban

sugar would be $4.55 a hundred pounds, a little more than 4½ cents a pound. That is without any profit whatever, not even interest on capital employed, without any profit to the producer of the sugar cane in Cuba, to the manufacturer of the sugar there, to the refiner of the sugar in this country, or to anybody else. Naturally, it is not to be expected that people are going to do business without any profit, but I have figured down the actual minimum cost at which sugar can be laid down in Chicago.

Now, I will go to beet sugar. The gentlemen here yesterday gave their experience in regard to the cost of beet sugar, and I noticed one thing to which I should like to call your attention. They gave the cost of beet sugar to the manufacturer at the price which the manufacturer pays for his beets. There is a very large profit to the farmer in raising the beets. If you want to get at the cost you must eliminate that profit. In Mr. Saylor's report for 1906 he suggests that the cost of an acre of beets on irrigated land, the average cost, is $40 an acre, and on natural land, without irrigation, $30 an acre. The irrigated lands being of less proportion than unirrigated lands, it seems to me quite safe to take an average cost per acre of beets at $35, being the difference between the two extremes.

Mr. Saylor gives, on page 104 of that report, the average tonnage of beets per acre as 11.26 tons; cost per acre, $35. This would equal a cost per ton of beets of $3.11. To this I add railroad freight at an estimated amount which I have tried to put at an extreme figure of 60 cents a ton. One of the gentlemen mentioned yesterday 40 cents a ton as the freight rate at his factory.

The CHAIRMAN. The statement was that the excess over 40 cents was paid by the farmer.

Mr. ATKINS. Yes, sir. In one of the States, I think Michigan or Wisconsin, I noticed in some of the reports they had a freight rate of 40 cents a ton not exceeding 100 barrels. A great deal of the beets are delivered by the farmers directly to the mill and incur no railroad charge. This would bring the cost of a ton of beets to $3.71 to the manufacturer, the cost to the farmer being $3.11.

Now, Mr. Saylor gives the average yield of sugar on weight of beets during the same year as 11.42 per cent. This would equal 228.4 pounds on 2,000 pounds of beets costing $3.71—that is, the beets—making the cost for the raw material entering into the manufacture of 1 pound of granulated sugar 1.62 cents.

I do not dispute any of the figures given yesterday in regard to the cost of the beet sugars by the manufacturer, but I call attention to the fact that the witnesses have given the cost inadvertently, unintentionally, I have no doubt. They give the cost of the sugar at the price which they have to pay for the beets. I hold that the principle of protection is the protection of all, that part of the protection given by the sugar schedule is intended for the farmer and another part is intended for the manufacturer, and that it is not right, it is not proper, after the refiner has taken his part of the protection, for the manufacturer to claim that the United States should give it to him a second time. I will not tire you with these figures, but will present them for verification.

Mr. Saylor's report shows in 1907 a smaller tonnage of beets per acre and a higher yield of sugar per acre, the one about offsetting the

other, and the cost of the raw material entering into the manufacture of 100 pounds of sugar beets that year was $1.64. It was $1.62 the previous year.

Now, I am not prepared to give you and you must therefore ask some of the other gentlemen interested what the manufacturing expense of 100 pounds of beet sugar would amount to. If it does not exceed $1.25 a hundred, and I think they would hardly claim that it would exceed that, the cost would be 2.78 cents a pound. In order to verify that I went over such figures as were obtainable of the Utah-Idaho Sugar Company. It is a large company and one of the best managed companies, like the Great Western Sugar Company of Colorado, and, by the way, I think I saw no representative of either of those companies here. None of the experts were here to tell you that they could not stand any reduction in the duties on sugar. This company turned out the largest crop, something over 108,000,000 pounds of sugar. They paid the farmers for the beets $5.17 a ton. The cost of the beets was something over $2,187,000, making the cost of 100 pounds of sugar $2.02, which is a comparatively high price for the beet. Then they give the items of working expenses, amounting to $1,029,613, or 95 cents per 100 pounds of sugar.

Mr. UNDERWOOD. If it will not disturb you, I would like to have you give the committee those items of cost.

Mr. ATKINS. The items are bags, $146,447; coal and coke, $328,483; lime, $52,539; taxes, $72,144; labor, $430,000, making a total of $1,029,613. Then they state that owing to the panic—and this statement is entirely justified by the facts—that the buyers could not take the output, and they had to put the sugar in store all over the country and incurred the expense of storage and insurance and interest for many weeks, and in some cases for several months, and they put down the total of their expenses at $4,000,000. The difference between the items given and $4,000,000—$782,991—I take it, represents the expense for the extraordinary charges which they incurred during that period. That amounts to 73 cents per 100 pounds, making the figure $3.70 a hundred pounds in this year of extraordinary expense.

Mr. UNDERWOOD. Three dollars and seventy cents is the total cost of the sugar at the factory?

Mr. ATKINS. Yes, sir. These are figures taken from their report, and from other information I am led to believe that they are very near to the actual cost.

I want to call your attention to this feature: The farmer received for his beets in Utah and Idaho $5.17 a ton. Based upon Mr. Saylor's figures of the cost of the beets, $3.44, the profit to the farmer would be $1.73 a ton. I do not claim that the farmer is not entitled to his profit; he is well entitled to it.

The CHAIRMAN. Was there any credit given in that report for the by-products?

Mr. ATKINS. There were no items in the report, but I have no doubt that they credited some by-products which they got in before arriving at these figures. That $1.73 a ton to the farmer would amount to 70 cents on a hundred pounds of sugar. Deducting that from the $3.70 would bring the cost of 100 pounds of granulated sugar to 3 cents. A few years ago—I have this direct from stockholders of this company—they were producing sugar in these factories at less than 3 cents a pound. I believe that the figures which I

give you will nearly represent—$2\frac{7}{8}$ cents, we will call it 3 cents a pound for granulated sugar—will very nearly represent the average cost. Michigan can not do it for this price. California can do it for less, and I believe that Utah and Idaho are doing it for less.

Taking this cost at Colorado points at 3 cents and adding the freight rate to Chicago, where the great traffic meets—all of the sugars from New York and Michigan and Colorado points meet at Chicago—those people can lay down their sugars in Chicago at $3.28 against the cost of sugars from Cuba, refined in New York, of $4.55, giving them an advantage over Cuba of $1.27.

I repeat, gentlemen, that I believe in getting at the actual cost, the comparative cost, you must figure it in this way, by eliminating all the profit both to the agriculturist and the manufacturer. Then, if you are to pursue the Republican policy adopted in a recent platform of protecting home industries to the extent of the difference in cost, it should not be difficult for your committee to arrive at a conclusion in regard to how much protection this industry is entitled to.

Mr. UNDERWOOD. I would like to ask you a question to see if I understand you. Your contention is that, eliminating all profits, both to the farmer and the manufacturer, the beet sugar at Chicago has an advantage of $1.27 over the Cuban or foreign sugars?

Mr. ATKINS. Exactly.

Mr. UNDERWOOD. They have that much profit to be distributed to them?

Mr. ATKINS. Yes, sir.

Mr. McCALL. That is assuming that the Cuban sugar is laid down in Chicago without any profit at all?

Mr. ATKINS. Yes, sir.

Mr. McCALL. You figure that the Colorado man would have an advantage of $1.27 a hundred pounds?

Mr. ATKINS. Yes, sir.

Mr. McCALL. And whatever profit the Cubans get will have to be added to this $1.27?

Mr. ATKINS. Yes, sir. But the Cuban planter is not going to work for nothing for a long period.

Mr. CLARK. Did you hear the statement of Mr. Hathaway yesterday, that it cost $3.50 or $3.75 a hundred pounds to produce this beet sugar?

Mr. ATKINS. I think I missed that statement.

Mr. CLARK. Mr. Hathaway said that they paid $2.40 to the agriculturist; that is what it cost them?

Mr. ATKINS. Yes, sir. That is not the cost for which the sugar can be produced. You must eliminate the profit to the agriculturist. If they pay $5.50 a ton for the beets, the farmers make $1.75 a ton profit.

Mr. CLARK. Mr. Hathaway's statement was that he paid $2.40 for the sugar in the beet?

Mr. ATKINS. Very likely. He did not give the price of the beets.

Mr. CLARK. If it is true that these beet sugar men can make this beet sugar as cheaply as you say, how can you Cuban people compete at all?

Mr. ATKINS. I have just told you.

Mr. CLARK. What I want to know is this: If it costs you the price you figure at Chicago and it only costs these beet sugar men the price

you figure for them at Chicago, how can Cuban planters or sugar men compete with the beet sugar men at all?

Mr. Atkins. If I can give you a further explanation, perhaps I can explain that point.

Mr. Clark. Very well, proceed.

Mr. Atkins. Official returns from Germany last year showed a yield of beets of 15.55 net tons per acre, while the average return of beet sugar in the United States was 10.16 net tons per acre. The official returns from Germany on the yield of the beet was 15.78 per cent, or 315 pounds to the net ton. I reduced these figures to our measure, and in the United States it was 12.30 per cent, or 246 pounds a net ton.

The United States has been advancing year by year in the quality of its work, but they are far behind Europe now and they have still a great deal to learn. They will improve their work as years go on, I have no doubt. There are able men connected with it, and they will improve, and when they get their work to the point of Germany, figuring on the protection of freights from the Atlantic coast which they have, they will not need any protection in order to give them a profit against Cuba.

I do not come here pleading for the abolition of duties on sugar. I would not suggest such a reduction in the duties as would cripple the beet industry of the United States, but I want to show to you gentlemen that the present protection is not needed, and I want to illustrate the fact that a high protective duty invariably leads to a poor quality of work. That has been so in all countries. It is only when competition has become sharp, extremely so, that the costs have been reduced and the methods have been improved, and a reduction of the duties to-day would tend to hasten an improvement in the manufacture of beet sugar.

Mr. Clark. The Chicago prices we have been talking about on Cuban sugar leaves no profit at all, as I understand it. Is that true or not?

Mr. Atkins. We have not come to the condition of selling sugar at the bare cost. I do not claim that.

Mr. Clark. You would quit it if you did?

Mr. Atkins. Yes, sir.

Mr. Boutell. What is the beet sugar cost at Chicago.

Mr. Underwood. Three dollars and twenty-eight cents.

Mr. Boutell. And the other sugar $4.50?

Mr. Underwood. Four dollars and fifty-five cents.

Mr. Atkins. I estimate that the average cost of the beet sugar laid down in Chicago is $3.28.

Mr. Clark. If it costs the Cuban sugar men $4.55 a ton to get their sugar on the market at Chicago, without any profit, then these beet sugar men have a net profit of $1.27 where you get none at all?

Mr. Atkins. If it came down to the question of bare cost they would have that difference.

Mr. Clark. How much do you get for your sugars in Chicago?

Mr. Atkins. The Chicago price of granulated sugar is about 4.55 to-day.

Mr. Willett. About 4.78; 4.55 plus 28 freight.

Mr. Clark. That puts you in a hole, then, to the extent of 28 cents a hundred?

Mr. McCall. No; they get 4.55 plus 28. They get 4.78.

Mr. Clark. That just leaves you where you started in, then?

Mr. Atkins. No, sir. I am simply illustrating the fact here that the actual cost at the competing point in Chicago is that, in order that you gentlemen may form your opinion of the protection that should be afforded to the beet sugar industry, both manufacturers and agriculturists, in the United States.

Mr. Clark. What will become of these beet sugar men when Cuba becomes a part of the United States?

Mr. Atkins. That is a danger which I hope will not arise at the present time. But there is imminent danger of that coming about most unexpectedly, very unexpectedly, unless some reasonable concession is made for Cuba.

Mr. Clark. Have you any information as to whether they produce beet sugar in Germany or France or anywhere else as cheaply as you can produce cane sugar in Cuba?

Mr. Atkins. They can produce it cheaper under present conditions than in Cuba. The cost of producing sugar in Cuba, figuring on my own results since 1903, shows an advance of 23½ per cent. This advance came in this way: Our control over Cuba has helped to raise the cost of wages there, the standard of living and everything, while the price of sugar has not increased at all.

Mr. Clark. Now, leaving out the question of difference of cost of labor temporarily, what is the reason why the Michigan and Colorado sugar men can not produce beet sugar as cheaply as they do in Germany, or is there any other element of cost in there?

Mr. Atkins. Allow me to refer to my notes again. Perhaps I can explain that. I have shown you the difference in the tonnage of cane in Germany and in the United States, Germany cultivating in a most scientific way, with the greatest of care, and the United States cultivators not having yet reached that standard. I have shown you the yield of sugar from the beets in Germany and in the United States. The manufacturers in the United States have not yet brought the beets up to the point of quality of the beets produced in Germany, not having yet reached their standard of manufacture. Now, the State of Michigan, if my friends of the opposition will excuse my referring to this—the State of Michigan shows the lowest tonnage of beets per acre of any of the States of the Union. It shows a yield below the average yield of the rest of the United States. Consequently their sugar costs them more than any other State in the United States; it costs them more than the average.

Mr. Fordney. Mr. Atkins, you stated that the cost of production of beet sugar was $3.70. Mr. Hathaway yesterday made the statement that the cost was from $3.75 to $4.

Mr. Atkins. I suppose Mr. Hathaway is figuring on the price that the manufacturers pay the agriculturist for the beet. I have deducted the profit to the agriculturist.

Mr. Fordney. Why do you do that? The farmers would not raise the beets unless the manufacturers paid them the price.

Mr. Atkins. I am stripping the whole business profit on their part, and everything, in order to get at the bare cost and allow your committee to arrive at your own conclusions as to the amount of protection required. It would not be fair to estimate the cost of

Cuban sugar on the bare cost there and take the price of beet sugar on the cost that the manufacturers pay for the beets.

Mr. FORDNEY. You say there is great danger of the annexation of Cuba. If the Government would remove the duty from Cuban sugar and put the beet sugar men in this country out of business, there would be no danger of annexation, would there? That would certainly put the beet sugar men out of business here.

Mr. ATKINS. There would be very little danger of annexation in that case, but such a condition as that is not to be desired. Nobody asks for such a condition as that.

Mr. FORDNEY. You stated, Mr. Atkins, when Cuban reciprocity was being considered by the Committee on Ways and Means, that if the concession was made such as you asked the United States would get the greater portion, or would get all the importations to Cuba.

Mr. ATKINS. No; beg pardon. I did not make that statement.

Mr. FORDNEY. You should get it, you said.

Mr. ATKINS. Oh, you mean when Cuban reciprocity was considered?

Mr. FORDNEY. Yes.

Mr. ATKINS. I think the greater part of the importations.

Mr. FORDNEY. You said, "We ought to get almost everything Cuba consumes." The fact is that for four years prior to the adoption of Cuban reciprocity we sold Cuba $25,000,000 worth of products per year and took from her an average of $40,000,000 worth per year.

Mr. ATKINS. I think it is more than that.

Mr. FORDNEY. No. That was the average of four years prior to the adoption of Cuban reciprocity.

Mr. ATKINS. Yes; during the period right after the war.

Mr. FORDNEY. In the four years since that we have sold Cuba an average of $40,000,000 per year of products and taken an average of $86,000,000 of her exports per year. It was not a good trade, was it?

Mr. ATKINS. It is not fair to figure in dollars and cents on the imports of Cuba. The same crop of 1,000,000 tons will give you very much more money when figured on the value of imports in one year than in another year, and during the year 1905, for instance, when there was a shortage of 1,000,000 tons in the European crops, the prices in Cuba rose to a very high figure, and the imports did not, as given in the United States statistics in dollars and cents, represent the increase in pounds or tons of sugar that you would be led to suppose.

Mr. FORDNEY. But we pay the same rate of duty going on our goods exported to Cuba now as before the adoption of that law.

Mr. ATKINS. No, sir.

Mr. FORDNEY. Yes. I beg to differ with you.

Mr. ATKINS. No; you have a differential now, ranging from 20 to 40 per cent. They are on a much higher level of value in this country than Europe is.

Mr. FORDNEY. Did not the Cuban government call its Congress together shortly after that treaty was signed and raise the duty to all countries?

Mr. ATKINS. To us?

Mr. FORDNEY. To all countries; raised the duties just the amount provided for reduction, so that we pay the same as before, while Cuba pays 20 per cent less.

Mr. ATKINS. If you get into the Cuban market at 75 cents on the dollar as an advantage over the foreign manufacturer, what difference does that make?

Mr. FORDNEY. The difference made is that we pay the same as before, and we are accepting their imports at 20 per cent less than before, and we have not had our share of the increase of trade.

Mr. ATKINS. In the sugar produced in the United States I have to pay that increase of duty. I have to pay that increase.

Mr. FORDNEY. Mr. Atkins, you said in your pamphlet, "Tariff relations with Cuba, actual and desirable," a statement you made recently, this:

While the present differential duty of 0.34 cent per pound has proved sufficient to protect Cuba in the United States markets against the lower cost sugars of Europe and Java, she can not long compete with our domestic sugars against the duty she is now paying of 1.35 cents per pound.

Then you wound up by saying that Cuba wants "a square deal." How much have we got to give Cuba before she gets "a square deal" from us?

Mr. ATKINS. I think when the Cuban planters make the request to withdraw the protection of the United States there should be a very material reduction, not less than one-half a cent a pound from the schedule, and the present differential of 0.34 cent a pound should be retained; not 20 per cent, because on the lower rate it would be a higher ratio of percentage, but that the specific differential of 0.34 cent should be retained. That would have the same effect in Cuba in competing with domestic sugars. I would make that apply to the schedule of all countries, and Cuba would have the same advantage over European countries—foreign countries—as she has to-day.

The CHAIRMAN. I would like to hear from you on the point as to why that differential of 0.34 cent, the difference between refined and raw sugar, should be retained at that amount. I would like to have the facts and arguments stated fully on that point, either now or after Mr. Fordney asks his questions.

Mr. FORDNEY. One more question, Mr. Atkins. Mr. Smith, representing the Owasso Sugar Company, in Michigan, stated yesterday that his firm had received a profit of but 29 cents a hundred pounds on their product. How much reduction do you think that company could stand and still survive the storm?

Mr. ATKINS. I know of estates, sugar estates in Cuba, that are not paying their operating expenses.

Mr. FORDNEY. Should not charity begin at home?

Mr. ATKINS. No government protects the manufacturer against the maximum cost. Protection is supposed to be accorded to all, in fact to carry the average cost, figuring on the average cost, not the maximum cost. Now, of these gentlemen that are in the beet sugar business here, many are worthy gentlemen, but I think some of them mentioned yesterday that they had been engaged in the lumber business and other business in Michigan, and they can hardly expect to enter a business that has been developed in Europe for two or three generations and where they have the most scientific men in the world employed; they can hardly expect to step out of the lumber and wool and cotton manufacturing business into the sugar business and acquire the same degree of proficiency in the course of two or three

years as those Germans have, or as have people in the United States who have been trained from childhood scientifically.

Mr. FORDNEY. One said he stepped out of the oil business into the sugar business.

Mr. ATKINS. Well, so much the worse. [Laughter.]

Mr. FORDNEY. Mr. Atkins, then, as a citizen of the United States would you protect the Cuban before you would protect the American manufacturer?

Mr. ATKINS. No, sir; no, sir. In order that my position may not be misunderstood, let me tell you this: My house was established long before I was born, some seventy-odd years ago. My father and predecessor in that house was one of the prime movers in the development of the western country, the territory between the Missouri River and the Pacific coast. I have the keenest interest to-day in the general business development of the United States, and particularly of that district; the keenest interest. I would be the last man in the world to advocate any measure that would injure, in my opinion—permanently injure or cripple—any established American industry.

Mr. FORDNEY. Mr. Atkins, those beet sugar men who made the statements yesterday made such statements, if true—and I believe the sugar men at any time [laughter]—that no more reduction in foreign imported raw sugar can be made and the beet sugar industry survive in this country.

Mr. ATKINS. Exactly. The steel people make the same assertion.

Mr. FORDNEY. I have not heard that.

Mr. ATKINS. They contend that you can not reduce the duty on steel rails.

Mr. FORDNEY. I have not heard that.

Mr. ATKINS. There are some manufacturers that can not manufacture steel rails in this country at a less duty than that under which they are being manufactured to-day. But I do not believe in taxing all the population of the United States in order to maintain any special individual manufacturer that can not produce at the average cost. That is the case not only with the beet sugar and steel industries, but with every other industry. God helps those that help themselves, but the idea is that the United States Government ought to help those who can not and will not help themselves. I do not believe in that principle.

Mr. FORDNEY. Mr. Atkins, when Cuban reciprocity was considered, a man representing that interest appeared here from New York—a man by the name of Hubbell, or Hubbard, and he made the statement that he represented a certain society and had received no outside money from any interest for coming here to represent that interest. When put on oath afterwards he admitted that he had deliberately misled the committee when he made that statement. He said he had received money from Mr. Havemeyer and from the Cuban government, through our representative, our military governor, down there.

Mr. ATKINS. I do not recognize that name. I do not know of anybody receiving money from Mr. Havemeyer. I would not contradict the fact. I know I was delegated as chairman of the American producers in Cuba, and also representing Cuban producers, in making the opening appeal. We raised for the legitimate purposes of that campaign between Cuba and the United States the sum of $18,000.

Six thousand dollars of that was returned to the subscribers, and $12,000 was expended in the legitimate purposes to pay one or two representatives in Washington, who were doing a perfectly legitimate business here, and all the printing and publishing expenses.

Mr. FORDNEY. The man's name was Thurber. I was not in any way intimating that the interests in favor of that law or measure were dishonest, except this particular man. He tried to create the impression that the people of the United States, the merchants, wanted Cuban reciprocity. He afterwards admitted that that was not true.

Mr. ATKINS. That his statement was not true?

Mr. FORDNEY. Yes.

Mr. ATKINS. I am sorry that anybody should make a false statement and put themselves in a false light.

Mr. FORDNEY. Mr. Atkins, at the time you made your statement before the Committee on Ways and Means in Cuban reciprocity I was present and it is my recollection that you stated that unless a 50 per cent reduction in our duty was given to Cuba within thirty days they would have a very disastrous panic down there. Now the reduction did not come for nearly two years afterwards, and the fact was they were then in better condition than when you made that statement.

Mr. ATKINS. I am not in the habit of making exaggerated statements, sir, and unless you can show me that in print I would be obliged to doubt that statement. What I did say, according to my recollection, was that if some reduction was not afforded to Cuba, ultimately there would be a serious and disastrous panic, or words to that effect. The conditions in Cuba at that time were very bad.

Mr. FORDNEY. I will accept your recollection. My recollection was that you said thirty days.

Mr. ATKINS. It is not material.

Mr. FORDNEY. However, our trade with them by a reduction of duty there did not benefit us as we supposed it would, and the consumer has not had the benefit of that 20 per cent reduction in the United States. Is that right?

Mr. ATKINS. The consumer has had the benefit of that reduction in the sugar.

Mr. FORDNEY. In the price of sugar?

Mr. ATKINS. What are you speaking of?

Mr. FORDNEY. The lower price to the consumer here.

Mr. ATKINS. It was not intended to give it to the consumer. It was the intention of the United States Government and the application of the rest of us that that benefit would accrue to the benefit of the Cuban producer and put Cuba in a proper financial condition. Conditions have so changed to-day that Cuba does not get the benefit of the differential, and, as I have tried to illustrate in my schedules here, that goes neither to the Cuban producer nor to the American refiner, but to the benefit of the consumer in the United States. The reason is this: The production of our domestic sugars amounts to something like 1,425,000 tons, and that production, together with the production of Cuban sugars, almost supplies the United States. During the period when they are coming in—about eight months—they exceed the requirements of the United States, and it is the united pressure of these goods on the market that brings prices down and

down until they reach a point where Cuba has lost her differential. Now, having an advantage of 34 cents over sugars from other countries. Cuba can get 38¼ until that differential, or perhaps more than that differential, is given away to the consumer, and they thereby get the benefit of it. The domestic producer comes in. He has an advantage of $1.35 over the Cuban producer. He can keep prices up until he undersells Cuba. That is what is taking place to-day.

If you will read Willett & Gray's trade reports you will find that in the city of Denver, the point of origin of these beet sugars, the price is from 5 to 4 cents a pound. That same granulated is shipped out to Chicago, where it meets the granulated from New York, and is sold at $4.85, as against $5.75 there. They pay freight for 1,000 miles on that sugar and sell it for 40 cents less than they can get for it in Denver. That is the effect of excessive protection. San Francisco is quoting $5.40. They produce refined beet sugars there, almost enough to supply the Pacific coast, and they have access to the Sandwich Island sugar, 450,000 tons, practically without duty; and San Francisco can ship several thousand miles additional around to New York, because in New York the price is fixed by the Cuban sugars, and they can sell in New York, because they have a big margin there, and that is because of our present irrational system. San Francisco, which ought to get the cheapest sugars in the United States, is paying about three-fourths of a cent more than New York.

Mr. Fordney. Mr. Atkins, do you favor a further reduction of the duty on Cuban sugars?

Mr. Atkins. Personally I favor a reduction of duty, making it applicable to the entire schedule, giving Cuba the differential. Whatever would apply to the general schedule would apply to the Cuban schedule.

Mr. Fordney. Do you believe that would injure the beet and cane sugar in the United States?

Mr. Atkins. Not materially. I do not think there is any need now of the protection. I think the reduction should be at least a half a cent a pound. When the Cuban people get here they will say what they think.

Mr. Fordney. The men engaged in the manufacture of beet sugar say they can not stand any reduction.

Mr. Atkins. Yes; exactly. But the best manufacturers have not been here. I have not seen Mr. Maury, of Denver.

Mr. Fordney. I thought the best in the world were in Michigan, and they are all here. [Laughter.]

Mr. Atkins. I do not want to reflect on your manufacturers, but the figures show that the industry in Michigan is far behind the average in the United States, and the average of the United States is far behind the countries of Europe. There is an immense field for improvement there. If I was a young man, I believe I would go into the beet sugar industry in the United States, even in the face of a large heavy reduction in the duties.

Mr. Fordney. This gentleman, Mr. Baird, who appeared yesterday, very clearly showed why sugar could be made cheaper in Europe than here, because labor was only receiving about 10 or 15 per cent in Europe of what it received in the United States. Labor enters largely into the cost.

Mr. ATKINS. I do not want to dispute the fact that sugars can be made cheaper in Germany and elsewhere in Europe than in the United States. I do not wish to advocate the removal of the duties in the United States. I am personally desirous of and advocate the continuance of the protection to our domestic sugar industry, but not the unreasonable protection that they are having now, and from the refiners' standpoint these beet sugar people are taking their trade away from the refiners of the Atlantic coast by cutting. The refiners of the Atlantic coast can not go below the cost of imported raw sugars plus the cost of refining, but with the present large margin of protection beet sugar factories can cut, as they are cutting to-day, and undersell the sugars from New York in the markets of Chicago.

Now you raise your protective duties. Those sugars which have already reached New York State, east of Buffalo, and Pennsylvania east of Pittsburg—central Pennsylvania and central New York—those sugars flow to the Atlantic coast and are transported from 1,000 to 1,500 miles to get there. You lower your duties. That beet sugar industry is not destroyed. They can maintain prices in their own territory. There is no reason why they should not supply the territory west of the Mississippi River, or at certain seasons of the year west of Chicago. But there is no reason why they should not be held to that territory. Why should the United States Government destroy the refining interest on the Atlantic coast for the sake of establishing a new beet industry in the central part of the continent?

Mr. FORDNEY. Mr. Atkins, you are a manufacturer of raw sugars in Cuba, are you not?

Mr. ATKINS. Yes, sir.

Mr. FORDNEY. Mr. Saylor, from the Agriculture Department, said yesterday that raw sugars in Cuba, at 96 per cent pure, could be produced at 1½ cents a pound.

Mr. ATKINS. Where did he get his information?

Mr. FORDNEY. He said he had visited the island and made an investigation, and found it was about that cost, although others claimed it could be produced at a cent and a quarter. He put it as high as 1½ cents. If that is true, when the beet sugar men of the State of Michigan pay $2.40 a hundred pounds for the sugar in the beets, if we should remove the duty from Cuban sugar it would be impossible for the beet sugar industries in this country to exist, would it not?

Mr. ATKINS. If that were true, yes. I do not question his reports or say that any statement he makes is not true. I accept them. It is for others to repudiate these reports if they do not find them true. But I may say I have never been able to get accurate information about the cost of production at the present time, under present conditions, in Cuba at 1½ cents a pound. I know that one of the leading sugar estates a number of years ago, an estate that claimed to be producing sugar at 1½ cents, had a large floating indebtedness, which was increased year by year, and I naturally questioned the accuracy of their statements. They finally went into the hands of a receiver, and it was found that they carried on their books as an asset a million dollars paid to the planters for planting cane, every dollar of which after the end of years had to be charged off as a loss. They thought they were planting cane at a price that allowed them to manufacture sugar at the rate of 1½ cents a pound. In reality that cane was costing them more than 2 cents a pound for the sugar.

There are a great many irresponsible statements of that kind made in Cuba, and a man like Mr. Saylor, who does not, possibly, have a thorough understanding of the Spanish language, may go down there and be misled. I have lived on the island for over thirty-five years, and part of every year, and I have tried to make the most careful investigations in regard to the cost. I have an extended acquaintance among the leading planters there, and I have never been able to get at such information. I knew several estates several years ago that could produce sugar at $1\frac{1}{2}$ and $1\frac{5}{8}$ cents a pound, but those figures do not prevail to-day, and the figures I gave you at $2.20, as I said, are below instead of being too high.

Mr. FORDNEY. Mr. Atkins, the price was given at the time of the hearing on Cuban reciprocity, away back in 1903 and 1902, ranging from a cent and a quarter to $2\frac{1}{16}$ cents in Cuba, by men who made statements before the committee at that time. Colonel Hill said it cost a cent and a quarter.

Mr. ATKINS. Do you remember who Colonel Hill was? I never heard of him.

Mr, FORDNEY. No. Mr. Armstrong said 2 cents, Mr. Mendoza said $2\frac{1}{4}$, and so on. Some of them put it much lower than that. But several statements were made to the effect that it could be produced at a cent and a quarter at that time.

Mr. ATKINS. After making the statement before the Ways and Means Committee, I took the train immediately and then a boat, and went to Habana. When I reached Habana I found a meeting of planters in session there, and they were trying to get at the cost of manufacture. They put the cost delivered in store, at $1\frac{3}{4}$ cents, while I had testified before the committee that it was 2 cents. They called me in and I discussed the matter, and I said: "How much have you allowed for depreciation to the cane fields?" They said, "We did not figure on that. We figured on the cost." I said, "What do you mean by the cost? Do you mean what you pay out in cash?" They said, "Yes." I said, "Suppose you were drawing on your capital to the extent of $50.000 or $60.000 or $100,000 a year. Is not that a part of the cost?" They thought it was, but they had not figured on it, neither had they figured on the depreciation of the railroads or the actual outlays or depreciation on carts and implements and machinery. They simply figured their disbursements as against their receipts. They asked me what my depreciation was, and I said $100,000. They asked me what the output of my place was, and I told them, and they divided that by the figures I gave them of my depreciation and added that to the cost of the output, and their figures came out a little higher than mine did. The trouble in Cuba in getting at the cost is that nobody that I have seen there has detailed agricultural accounts. Their accounts are not kept in such form that you can get at the actual agricultural cost. They are not kept in this country, except in very few instances.

Mr. GAINES. In your article here on "Tariff relations with Cuba, actual and desirable," you say:

As long as the island is prosperous and under some form of United States control, a republican government may be maintained; but should her great sugar industry was made unprofitable, either by cancellation of the treaty or by long continuance of the present high duty against her sugar, revolution, fed by her unemployed, is sure to result in the future as it has under similar circumstances in the past.

And then you refer to the necessity of giving Cuba what you call, in connection with this Cuban duty, "a square deal." What do you mean by the expression "Square deal" in that connection?

Mr. ATKINS. I will tell you just what I mean by that expression, sir. When we went into Cuba and drove out Spain, we destroyed a government that had existed there for two or three centuries. It was not the kind of government that we would call a good government, but still it protected property and it protected lives, except of those people that were in arms against the government. It was a government, and it was a government that other foreign governments could call upon and hold responsible for the protection of the lives and property of foreign citizens. We stepped in there and made the treaty of Paris. I will not tire the committee or the audience by referring to the treaty of Paris, because we are all familiar with it. We afterwards made what we call the Platt Amendment of the Senate, which allowed the United States to interfere there in case the Cuban government could not maintain order and could not protect the lives of citizens and the property of citizens.

The whole world expects the United States Government to protect the property of their citizens and the lives of their citizens, and in order to do that the United States went in there two years ago and landed troops and assumed control for the second time. That condition, if this experiment of delivering the Government again over to the Cubans is made, will be repeated unless the Cubans can govern themselves and maintain order and protect the lives of Englishmen and Germans and Frenchmen and Spaniards on the island, and protect their property. This Government has got to act quickly, and it will not hesitate to act quickly if we go in there again. Very few people believe we will ever get away again if we go back there again. Now, having assumed control and having passed laws and put into effect in Cuba our immigration law, our Chinese-exclusion act, and our contract-labor law, which was done by the United States Government in order to prevent unusual cheap labor, in order to prevent sugar from being produced in Cuba at very low prices in competition with domestic sugars; having done that, and raised the cost of her production, Cuba naturally expects—and the foreign and European residents of the island having property in Cuba naturally expect—that the United States will treat Cuba, if not as her own territory, at least as an adopted child. That will give the producers in Cuba a chance to live against the domestic production of this country.

Mr. GAINES. My objection was to see, if I could, who it was that was complaining, or, as you might put it, threatening revolution.

Mr. ATKINS. Please do not take that as a threat. I was simply trying to explain conditions in order that you might consider them.

Mr. GAINES. Then I will withdraw the term "threat" and substitute or suggest "danger of revolution." I will put it that way. Your contention is, as I understand it, both now and formerly, that the United States has raised the price of labor. The people generally, therefore, would have no occasion, on account of the action of the United States Government, to revolutionize, would they?

Mr. ATKINS. Well, sir, are you acquainted with the black belt of our own country?

Mr. GAINES. Fairly well.

Mr. ATKINS. Those people have an opportunity to gain pretty good wages if they want to work. Are they a saving people? Do they save up their money? In Cuba they have the same class of people for their labor. They get very high wages, and the consequence is that they work fewer days in the month. When the Cuban plantation negro earns $12 or $14 a month and his feed, he is satisfied. If he can earn that in fifteen days instead of thirty days, he will work fifteen days, and no longer. Now, if you could say they are in better condition by being able, if they wish, to get good wages and to provide for their families and for their comfort, well and good; but they do not do that. Just as soon as the crop is over and anything happens to stop the course of commerce there, a thousand men are thrown out of employment, and they are absolutely without means. What do they do? They levy on my cattle and other people's cattle and pigs and anything that they can pick up. They buy an old gun and a machete and commence to rest. They send you letters demanding $5,000 to protect your property. That is not the better class of the Cuban people. That is the class that the better class of people in Cuba have to contend with, the class that they have to control, somewhat similar to the people we have to contend with in the black belt of the South.

Mr. GAINES. Do I understand you propose to still further increase the wages of that class of people by a manipulation of the American tariff for the purpose of inducing them to behave themselves?

Mr. ATKINS. No, sir. Such a proposition as that is a surprise to me. I do not see how you can imagine such a thing.

Mr. GAINES. I am merely trying to find out. I could never understand the situation before. In your hearing on the 15th day of January, 1905, when Cuban reciprocity was under consideration in the Committee on Ways and Means, you used this language:

> The labor in Cuba is very limited, and I have very strong doubts in my mind whether there is labor enough in Cuba to cut and take off, possibly, a crop of 800,000 tons. The wages are high. Wages there run quite as high as the average agricultural labor in the United States. The men can not be had, and in order to increase the cane crop of Cuba, I think, you have to import the labor to make it.

Mr. ATKINS. Yes.

Mr. GAINES. What I can not understand is this, that if the agricultural laborer is just as prosperous in Cuba as he is in the United States, why we need take that into consideration in making up our minds as to whether there should be a reduction in the tariff so far as it affects Cuban cane sugar.

Mr. ATKINS. Well, sir, in order to keep labor employed in Cuba—and it must be employed if it is going to be quiet—you must keep the business interests of the island in a condition where they can earn a fair return on their investments. Otherwise they will go out of business and shut down. That is what happened when the Democratic government came in here some years ago and canceled the reciprocity treaty with Cuba.

Mr. GAINES. Is it your contention that in order to keep peace in Cuba we must do something here in our tariff schedule that will make the agricultural laborer in Cuba more prosperous than similar labor is in the United States?

Mr. ATKINS. My contention is this, that the United States has assumed the control of the island of Cuba, the guardianship of the

island of Cuba, and it has had to give certain pledges, if not moral pledges, to the world, and if the United States does not do something to keep the financial condition of Cuba in a fair state she will not be fulfilling her duty. It is not necessary to legislate for the special protection of the Cuban industry. What I want is that the United States shall reduce or lower its tariff bars here to a reasonable extent, so that Cuba will not be crowded out. If Cuba had any other market in the world that argument would not hold good, but if you will allow me to refer to a little memorandum I have, I will read. The United States takes all the Cuban sugar crops. As I told you, the United States production has been very rapidly increasing—nearly 1,000,000 tons in the last ten years, the domestic crop—and there is hardly room now for any sugar outside of Cuba's to enter into the consumption of the United States.

Now, to show that there is no place where Cuba can market her crops other than here, I give you these figures. Here are the crops of the various European countries. I will only give you the excess. Germany produced in excess of 919,000 tons; France, 68,000 tons; Austria, 877,000 tons; Holland and Belgium together, 299,000 tons. For Russia there are no accurate statistics available, but it is estimated to be about 400,000 tons excess. The balance of Europe, that is, Sweden, Denmark, Italy, Spain, and so forth, produced about enough between them to offset their consumption. Now, continental Europe has an excess of 2,500,000 tons for export. She can not send them to the United States. Java produces 1,156,000 tons. There is 3,719,000 tons in producing countries that have to find a market. England can take about 1,800,000 tons. They are supplied by European continental countries and from her own colonies. She can not take a pound from Cuba. The United States can take but 300,000 or 400,000 tons from all this excess outside of Cuba. The balance of this supply must find market in the Far Eastern countries, including Japan. To secure these markets new factories are now being erected in Manchuria, Japan, Formosa, and South Africa.

1908.

	Germany.	France.	Austria.	Holland and Belgium.	Russia.	Balance Europe.
Crops	2,127,000	728,000	1,425,000	407,000	1,410,000	485,000
Consumption twelve months to September 1	1,208,000	660,000	548,000	208,000	1,000,000	435,000
Excess over consumption	919,000	68,000	877,000	299,000	400,000	None.

Excess over consumption:

	Tons.
Germany	919,000
France	68,000
Austria	877,000
Holland and Belgium	299,000
Russia	400,000
	2,563,000
Sweden, Denmark, Italy, Spain, } Jointly produce their requirements.	
Java	1,156,000
	3,719,000

Great Britain takes 1,832,000 tons, which are supplied from above countries and from her colonies. The United States can take but 300,000 to 400,000 tons from all countries, outside of Cuba, and balance supply must find markets in the far eastern countries, including Japan; to secure these markets new factories are now being erected in Manchuria, Japan, and Formosa; factories are also being constructed in South Africa.

Cuba can market no sugar outside of the United States, as Canada accords a preferential duty to British colonial sugar.

Every country in the world is at work to-day to produce its own requirements of sugar and prevent sugar from coming in from any other country; every country, I may say, except Great Britain; and in the case of Cuba, in regard to marketing her crop, on which her welfare depends, she is so placed that she can send it only to the United States.

The CHAIRMAN. Mr. Atkins, have you substantially the same sugar plantation there now in Cuba that you had twenty-five years ago?

Mr. ATKINS. It is much larger now.

The CHAIRMAN. When did you enlarge it?

Mr. ATKINS. Some years ago. I had possession of some 4,000 acres under a mortgage, and I now have 32,000 acres. The output is increased in proportion.

The CHAIRMAN. Will you tell the committee what the profits were last year on your crops?

Mr. ATKINS. I beg your pardon. I have no objection to whispering it to the chairman of the committee [laughter], but I would not like to have that put in print for the benefit of my competitors here. [Laughter.] I hope you will allow me to speak in average terms.

The CHAIRMAN. If you desire to state it privately to the chairman, the chairman will be glad to hear it; but if not, I will ask you, Mr. Atkins, how the profits compare for the five years under reciprocity and the five years preceding?

Mr. ATKINS. I could not tell you without referring to my data. The profits I do not think would be very different in my own case. They vary very much, indeed, nearly 300 per cent in a year. In a year when there is a short crop in Europe the price advances to a high point. Sometimes I have made short sales when the market declined.

The CHAIRMAN. You do not think there is much difference under reciprocity for five years and before reciprocity for five years?

Mr. ATKINS. Not much.

The CHAIRMAN. Is it not true that in the five years of reciprocity the world's price has been very low?

Mr. ATKINS. Yes; but not so low as it was previously.

The CHAIRMAN. Not below the five years previous to reciprocity?

Mr. ATKINS. Until the date of the Brussels Convention—I must again call on our statistician, Mr. Willett—Mr. Willett, when was the bounty abolished in Europe, in the Brussels Convention? In what year?

Mr. WILLETT. In 1903.

Mr. ATKINS. Yes. Previous to that the prices were very low. After the Brussels Convention, when the governments of Europe agreed to abolish their bounties, they curtailed their crops, and they had a bad year, and prices advanced for one year, and then they declined again.

The CHAIRMAN. You say now that the price averaged higher in the world's market for five years than for the five years previous?

Mr. ATKINS. I would not want to make that statement without my records, and they do not go back to that date, either. I know that while that convention was in force I at one time sold sugars as low as 1⅝ cents, the cost of freight. I think at one time the price touched 1¼ cents. But those were artificial conditions, Mr. Chairman; entirely artificial conditions.

The CHAIRMAN. I think you are mistaken on the average price, but it may be that we have not the right figures. I asked you a few moments ago, and you said that you thought the differential of 34 cents should be retained on refined sugar.

Mr. ATKINS. I beg your pardon; not refined sugar. I said "on sugar." On Cuban sugar Cuba gets here differential of 34 cents a hundred pounds.

The CHAIRMAN. Oh, you meant differential on Cuban sugar, and not on refined sugar?

Mr. ATKINS. Yes. If the question had been asked me in regard to refined sugar I should have answered in this way, that the protection on refined sugar of one-eighth of a cent a pound ought to be retained, in my opinion. It amounts to about 5 per cent ad valorem on foreign cost of refined sugar. It is so very small and very reasonable that no reasonable party could advocate the removal of the duty on refined sugar.

The CHAIRMAN. Or the reduction of it?

Mr. ATKINS. Twelve and one-half cents you can not reduce very much without abolishing it.

The CHAIRMAN. You could reduce 12½ cents.

Mr. ATKINS. But what would you gain by it? There is nothing to be gained.

The CHAIRMAN. You do not regard that as excessive protection?

Mr. ATKINS. No, sir; 5 per cent I do not regard as excessive protection, but I do regard 65½ per cent as excessive protection. That is the protection that the domestic producers of raw sugar get.

The CHAIRMAN. That protection on refined sugar is prohibitive, is it not?

Mr. ATKINS. It is not prohibitive.

The CHAIRMAN. Comparatively speaking, it is prohibitive, is it not?

Mr. ATKINS. No, sir. It regulates the price of refined sugar coming in from Germany here. Refined sugar would come in every now and again and pay that duty were it not for the differential accorded to Cuba on raw sugar. The refiners are buying their raw sugars, say, at 35 cents on the parity of the raw sugars imported from Germany, and that is what protects them more than anything else on the importation of German granulated. If you raise the parity of centrifugal sugars in New York, you bring that duty down to 12½ cents on granulated sugar. Before this reciprocity treaty was negotiated we used to get German granulated sugars every little while. It was enough to regulate the price. The refiner in New York could not advance his price beyond the parity of German granulated.

The CHAIRMAN. And he was not compelled to lower it?

Mr. ATKINS. No; he did not need to.

The CHAIRMAN. I understood you to say that now the consumer is getting the benefit of this differential on Cuban sugars.

Mr. ATKINS. Yes, sir.

The CHAIRMAN. Entirely?

Mr. ATKINS. I would not say entirely, because there are times when sugars rise to within a quarter of a cent a pound of the parity, but on the market the Cuban seller gives away—according to the statement you will see here, if you will look it over carefully—gives away that differential. The reduction of the price of raw sugar here reduces the price of granulated here, and the consequence is that the consumer gets his sugar at 34 cents or 40 cents, or whatever the difference may be, cheaper than he would otherwise get it.

The CHAIRMAN. And during the remaining four months, when this sugar is not coming in from Cuba and the beet sugar is not being marketed in the United States, the price goes up?

Mr. ATKINS. The foreign sugars will not come to New York for less than they can get in London.

The CHAIRMAN. Production has greatly increased under reciprocity, has it not?

Mr. ATKINS. Yes. But before the insurrection occurred in 1895 Cuba produced 1,040,000 tons of sugar.

The CHAIRMAN. They are going beyond that?

Mr. ATKINS. Yes. They produced the year before that 1,400,000 tons, and last year 1,500,000 tons.

The CHAIRMAN. Reciprocity has had something to do with it?

Mr. ATKINS. Undoubtedly. Without reciprocity I doubt if Cuba could produce at a profit at all.

Mr. FORDNEY. Mr. Atkins, may I ask you one more question, please?

Mr. ATKINS. Yes; but I would ask you that you do not exclude the other gentlemen here, for they have something to say.

Mr. FORDNEY. Thank you. I have considerable to say, and I will be as brief as possible. In your statement of your cost of production in Cuba you take into consideration the depreciation and the interest on the plant?

Mr. ATKINS. No interest on the plant, but the depreciation, based on actual cost of maintenance and repairs account, paid out in cash every year.

Mr. FORDNEY. The statement of the beet sugar men does not take into account the depreciation or interest on the investment?

Mr. ATKINS. No. That would advance the price. I think any outlay in the way of repairs or the replacement of old machinery by new should be included. They include that, as every good manufacturer should in the working expenses of the year. That is the custom of the refiners, and it is the custom of all our up-to-date manufacturers.

Mr. FORDNEY. Mr. Atkins, it is true also that when there is a war on, on price, when the price of raw sugar in the New York market fluctuates, the refiners are benefited by the reduction of prices, whereas it is a fact that the beet sugar manufacturers have no such change, because they secure their raw material under contract which can not be and is not changed at any time?

Mr. ATKINS. Will you allow me to qualify that statement a little? The refiner is not benefited by it. They buy their sugar at the lower price, but they drop the price of refined sugar according to what they pay for the raw sugar. If the business was in the hands of the American Sugar Refining Company, or the trust, they could in a measure control that; but three-eighths of the refining business is done outside of the American Sugar Refining Company. They

are subject to sharp competition. Fortunately for us who are selling sugars, if one does not drop the price of refined sugar the other one does.

Mr. FORDNEY. But they are benefited to this extent, that by getting their raw material for less money they can control the market, or undersell the beet sugar men, who enjoy no change in the price of raw material?

Mr. ATKINS. That goes without saying. They can not drop the price of granulated below the cost of raw sugar plus the cost of refining; but the beet sugar people can reduce to any extent almost, their margin of protection is so large.

Mr. FORDNEY. When they only make 29 cents a hundred pounds they have not very much leeway to go down on the price, have they?

Mr. ATKINS. When the Colorado manufacturers are selling in Chicago three-quarters of a cent a pound below Denver, the point of origin, it would seem to be an indication that there is a margin of profit there.

Mr. FORDNEY. Mr. Atkins, you stated that by Cuban reciprocity, by the reduction of 20 per cent in the rate of duty, you were not benefited, and that the prices were practically the same as before?

Mr. FORDNEY. Mr. Atkins, you stated that Cuban reciprocity—that is, the reduction of 20 per cent in the rate of duty—did not personally benefit the producers in Cuba, and that the prices to-day are practically as they were before.

Mr. ATKINS. I did not say practically the same, but considering the basis of value. The value fluctuates, you know.

Mr. FORDNEY. But at all events your profits are about the same?

Mr. ATKINS. In a general way.

Mr. FORDNEY. It did, however, give you a monopoly of the American markets on raws as against our foreign imported raw sugar?

Mr. ATKINS. Exactly, in that way. If it were not for the possibility of underselling our foreign shippers in the New York market the Cuban industry could not be maintained to-day.

Mr. FORDNEY. But any further reduction in duties, if the beet sugar men are correct in their statement, would not only give you a monopoly of the American market against other countries of the world, but against the domestic producer also, would it not?

Mr. ATKINS. It would give us just that advantage, just that much, but I question the statement that has been made of the cost of the American sugars.

Mr. FORDNEY. Well, a very good lot of fellows in my district——

Mr. ATKINS. Let me say right there that some of the best fellows in the crowd have not come here at all; some that are right up to date. And one of the men in charge of the beet sugar houses in Colorado, Utah, and Idaho is the leading authority in the United States, but he is not here; he could give you information.

Mr. FORDNEY. Oh. Mr. Boetcher is here, one of the heaviest producers in Colorado and I hope to hear from him.

Mr. ATKINS. I hope you will.

Mr. FORDNEY. I think he will bear out the statement made by the other gentleman from Michigan.

Mr. ATKINS. I hope somebody will ask him whether he figures on the cost of the jobbers and the price the manufacturer pays the farmers for the beet.

Mr. Fordney. If he is an intelligent fellow he will tell you that the cost of production is based upon the cost to him.

Mr. Atkins. Well, I think he will give his answer in such a way that most of you will not understand it.

Mr. Boutell. There has been some mention of Cuban insurrection, or revolution, as a factor that we ought to consider in adjusting our United States tariff. Did you ever see a Cuban revolution at short range?

Mr. Atkins. Well, along about 1896, I spent a great deal of time on my place, and I never went to sleep without a révolver under my pillow, and I kept a guard at my door at night. There was a revolver on my bed very much of the time, and I was frequently called out at any hour of the night under an alarm.

Mr. Boutell. So that you know about the volatility of the laboring classes there?

Mr. Atkins. Having lived with them for many years, and being so thoroughly acquainted with them, having employed several thousand men, I know something about the character of these men; but I like them, I like the Cuban character, for it is a very attractive character; but they are not the same as our people, and they will never be.

Mr. Boutell. So all your conclusions are based upon absolutely first-hand information?

Mr. Atkins. First hand.

Mr. Boutell. Now, if this further reduction that you contend for should be made, would it, in your opinion, decrease the price of sugar, granulated sugar, to the ultimate consumer? I do not know that I can describe the ultimate consumer in any better way than to say the man who eats the sugar. I want to know whether a man can buy sugar cheaper?

Mr. Atkens. If the Cuban and our domestic production equal the consumption, the price will be to the benefit of the consumer; that is, a reduction to the benefit of the consumer almost entirely. Whatever the first reduction might be, the Cuban or the other producers would get a little, but the cost of production, plus the original product, plus the duty——

Mr. Boutell. We have already heard in these hearings of several instances of decrease from the present rates, by reciprocity or otherwise, where there has been absolutely no decrease in the cost to what I call the ultimate consumer, the man who buys the article, and it has not appeared fully in these hearings who in this instance was the beneficiary. It would be interesting if we could find out how to make some change in the tariff which would benefit the man who eats the sugar.

Mr. Atkins. The consumer in this country is paying a tariff, all of the tariff, excepting in a few instances where temporary arrangements are made, and the producer gives you part of his profit. But, generally speaking, the consumer pays all of the tariff on sugar. Now, that would not hold good on some other articles where the percentage of the production in the United States is a small one. The sugar that comes in from abroad is in larger proportion. If sugars were entirely free in the United States under the present conditions of supply of the United States, and if Cuba were the supplying country, the prices would probably drop down to the actual cost, or nearly so,

and the consumer would get the benefit. But I do not think that a duty then would have any more effect than a duty on cotton.

Mr. BOUTELL. If I recollect the figures given in these sugar hearings, they show that notwithstanding free sugar from Porto Rico and the concession made to Cuba, affecting imports of several hundred thousand tons, there still has been no decrease in the price to the ultimate consumer.

Mr. ATKINS. They lose sight of the fact that the whole sugar market of the world is ruled by the first prices; the tariffs of the world, the bounties paid by certain countries, temporarily set the tide from one side to the other, raising the price temporarily in that particular country; but the world's price of sugar, the German price, as it is quoted, for example, in Hamburg or in the London market, regulates the price in the United States as well as in all other parts of the world. A short crop in continental Europe will advance the price of sugar in Cuba, and a short crop in Cuba will advance the price of sugar in other countries.

Mr. BOUTELL. Now, let me ask you this practical question: Can you suggest any change in the sugar schedules of the present tariff which would not interfere seriously with our present income of, say, $60,000,000 a year and at the same time give sugar to the ultimate consumer at a cheaper price?

Mr. ATKINS. Well, you can't have your cake and eat it too. I want to call the attention of the committee to this, that the revenue from sugar is not $60,000,000 a year. I think it was $60,000,000 in 1907 because of the high price, the big crop abroad, and the very large amount of sugar in the United States at the end of the fiscal year. But the revenue from sugar at present, under present conditions, I think the tariff experts in Washington would tell you, would probably be about $52,000,000, not any more than that. Last year it was $50,000,000. But a reduction of half a cent a pound, in my opinion, allowing for the increase in consumption of 1909 over 1907, would cause a reduction of revenue of about $15,000,000, but after that the revenue would steadily increase. That is a bit of opinion perhaps that I am not called upon to offer, because you have statisticians in Washington so much more competent to figure that out than I am.

The CHAIRMAN. If we took the duty off of sugar coming into the United States, could you sell sugar from Cuba in competition with the German sugar?

Mr. ATKINS. Not under present conditions. I could two years ago, but my cost now in Cuba has increased about 25 per cent. It would seriously interfere with us; very seriously.

The CHAIRMAN. And would probably operate in the same way with the cane sugar and the beet sugar in the United States. They could not exist under those conditions, could they?

Mr. ATKIN. If you took all the duty off—no; I do not think they could.

The CHAIRMAN. And if so, and the sugar came out of the world's market, after a while the price of it would go up, would it not?

Mr. ATKINS. Yes. You must consider that continental Europe is not prepared to immediately supply the world.

The CHAIRMAN. They could after a while, but not at once?

Mr. ATKINS. And, of course, that supply would naturally increase in price; but I think the question of the abolition of duties in the United States is not one to be considered, one that I have not heard seriously urged by anybody.

The CHAIRMAN. There are a class of people who think that because the trust refines the sugar, that the duty should be taken off of refined sugar. Of course, that ultimately would mean the taking off of the duty on sugar entirely.

Mr. ATKINS. The question was asked yesterday, what effect it would have to increase the duty on raw sugar and take it off of refined sugar. It seems to me that an action of that kind, where you place the duty on the raw material and take it off the manufactured material, would simply be to throw the trade abroad, to import the manufactured article instead of the raw material.

Mr. CLARK. But how could that be? That would cost the German man who imported his sugar in here just as much as it is costing now, would it not? If you took the differential off, if you took this traiff off of refined sugar and put it on raw sugar, then it would cost the German importer, or whoever it was—the foreign importer—as much to get his sugar in here as it does now, would it not? Five cents on raw sugar and 5 cents on refined sugar is practically the same.

Mr. ATKINS. Twelve and one-half cents. A man could not import the raw material.

Mr. CLARK. Not if he put it on raw sugar. Twelve and one-half cents is 12½ cents, no matter where it is put.

The CHAIRMAN. I do not believe the stenographer is able to hear all of Mr. Atkins's replies.

Mr. ATKINS. But 12½ cents taken off of refined sugar and added to raw sugar would be 25 cents.

Mr. CLARK. But how much would it put sugar down to the man who eats it?

Mr. ATKINS. About a half cent a pound.

Mr. CLARK. Are you sure the sugar trust would not gobble the half cent?

Mr. ATKINS. Well, I am sure that if he could gobble it I would join him. If they held those sugars for four or five or six months, they would get more for it, and distribute it more evenly. But they do not hold it, and probably they are very wise not to do it, because it would not give them enough to pay for the cost of doing it. The pressure is too great. The pressure of sugar on the market is more rapid than the refiner can take care of. If the refiner has to carry that stock, then he is going to take sugar at the lowest possible price, and if he is offered twice as much sugar as he can refine, he is going to buy from the lowest seller.

Mr. CLARK. But the statement was made absolutely and unequivocally that the American Sugar Refining Company fixes the price of raw sugar that it buys, and fixes the price of refined sugar when it is sold. Now, if that is true, then the taking off of whatever you want taken off would not do the man who eats the sugar one particle of good.

Mr. ATKINS. But the Cuban and the Louisiana crop are very different things.

Mr. CLARK. If the American Sugar Refining Trust Company, popularly called, does fix the price of raw sugar, as he said, then it fixes

the price of your raw sugar. If it fixes the price of refined sugar which is made out of the raw sugar from Louisiana, then it fixes the price of refined sugar made out of raw sugar from Cuba. Now, his statement is either true or not true—one or the other. What we are trying to get at—that is, what I suppose Mr. Boutell was trying to get at, and I know it is what I am trying to find out also—is this: Would the taking this off simply do you good, or would it do the bulk of the people good? If it is not going to do the bulk of the people good, I do not care a straw whether it is taken off or not.

Mr. Atkins. I think that if a man can purchase goods at a lower price, that he should have the benefit——

Mr. Clark. If he doesn't fix the market price, but if he is in a position to fix the market price at which he buys, and in a position to fix the market price at which he sells, there ought to be some way to stop that. I am talking about what a man has to pay for the sugar that he uses.

Mr. Atkins. If the supply is regulated through the demand, he would have to pay what the sellers demand or shut up his refinery. Those people, if they refined their sugar, would send it up and distribute it throughout the country in competition with the other refined sugar.

Mr. Clark. But that is precisely what he said he couldn't do.

Mr. Atkins. Why?

Mr. Clark. Because the American Sugar Refining Company, if that is the name of it—well, Mr. Colcock took Vicksburg as a point cf illustration, and said that if the Louisiana men undertook to refine their own sugar they could not sell it even in Vicksburg in competition with the American sugar trust, because the sugar trust would send its sugar in there and sell it so low that it would put them out of business, and then, as soon as it had them shut out, it would mark the sugar up again and recoup itself.

Mr. Atkins. I never heard of that theory. There are some very able men here, and I am sure that the American Sugar Refining Company has to compete with those other sellers. The general way is to buy those Louisiana sugars and ship them by sea to New York. I maintain that the only trouble with the Louisiana sugars declining in New York is the pressure, the excess of supply over demand.

Mr. Pou. Did the concession that the United States made to Cuba have any effect at all on the price of sugar to the ultimate consumer?

Mr. Atkins. Undoubtedly, and that is what I am trying to get settled in regard to this schedule. If you study it over, I think that point will be clear to you.

Mr. Underwood. In other words, the price since the concession was made has gradually gone down to the consumer?

Mr. Atkins. The consumer is getting the benefit of it and nobody else.

Mr. Pou. You contend that if there is a reduction of a half cent a pound, that the ultimate consumer will get the benefit of all of that half cent?

Mr. Atkins. He will under present conditions, ultimately; not immediately, but ultimately.

Mr. Pou. If that is done, then a man can go into any good store and buy sugar at a half a cent a pound cheaper than he can get it without that reduction?

Mr. ATKINS. I am not speaking of the retail grocery trade, because you may buy it at one store at one price and at another price at another store. I mean the people of the United States could obtain sugars just that much cheaper.

Mr. POU. If you can not get it from the retail grocer, then you can not get it at all.

Mr. ATKINS. I mean that there is no fixed price between the retail grocers if they get a customer. That is, they will make him pay more than another man would pay if they can. You can not base your calculations upon the retail grocery trade, but if you want to buy sugar in 100-barrel lots or 2,000-barrel lots, there you will get the benefit of it.

Mr. NEEDHAM. To what extent have refining interests in the United States invested in sugar lands in Cuba? It is reported that there have been large investments.

Mr. ATKINS. I do not think that the refining interests in the United States have large investments in Cuba, but certain individuals have invested there.

Mr. NEEDHAM. Do you know what the acreage is?

Mr. ATKINS. I do not remember.

Mr. FORDNEY. Who are the refining companies that compete for raw sugars on the New York market? You spoke of there being competition; that prices went down at times.

Mr. ATKINS. Arbuckle Brothers are very large refiners, and I think they have a capacity of something like 80,000 barrels a day. Then there is the Federal Refinery, and Mr. Spreckels is here present. I do not know what their capacity is, but it is very large. Then there is the International, represented by Mr. Post, or Mr. Post's man. There are three large companies. In New York there is another new company started which they call the Warner Company.

Mr. FORDNEY. What percentage of refined sugar is made by the American Sugar Refining Company?

Mr. ATKINS. I understand about five-eighths.

The CHAIRMAN. I think that is all, Mr. Atkins.

The following paper was submitted by Mr. Atkin:

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TARIFF RELATIONS WITH CUBA—ACTUAL AND DESIRABLE.

By EDWIN F. ATKINS, *of E. Atkins & Co., Boston, Mass.*

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Cuba's political disturbances have in the past followed economic conditions that have caused discontent and encouraged revolution. Such was the case in the ten-year insurrection and again in the insurrection of 1895, which preceded the Spanish-American war.

Previous to 1868 the tariff laws for Cuba were framed with the object of giving its trade to Spain, and for this purpose four different rates of duty were enforced, the first and lowest rate being upon Spanish merchandise in Spanish vessels, the second rate upon Spanish merchandise in foreign vessels, the third rate upon foreign merchandise in Spanish vessels, and the fourth rate upon foreign mer-

chandise in foreign vessels. A duty was in force in Spain against Cuban sugar as a protection for the cane sugar produced in its southern provinces.

As long as the European countries were dependent upon the West Indies for the greater part of their sugar supply, and Cuba was producing with slave labor and had the buyers of Europe competing with those of the United States for her sugar, little attention was given to the fact that all legislation at Madrid was for the benefit of the mother country and that nothing was being done with a view to holding foreign markets for the island.

As years passed the continental countries of Europe all became producers of beet sugar and levied heavy duties against foreign imports, thus closing their markets to Cuba, and as soon as their production exceeded their consumption requirements export bounties were paid, which enabled them to sell free-trade England at prices a good deal below cost of production. Cuba could then no longer compete there, and so became dependent upon the United States, where, fortunately for her, a countervailing duty, in addition to the regular tariff, had been enforced against those countries paying an export bounty.

With the gradual abolition of slavery in Cuba, 1866–1880, her cost of production had greatly increased, while, by reason of the growth of the beet sugar industry, values had been cut in two. Spain through all these changes held blindly to her course of protecting her home trade, regardless of the interests of Cuba, and the inevitable result was the long and disastrous insurrection, 1868–1878, which brought financial ruin to so many of the sugar estates of the island.

During this period the United States, up to 1884, was almost as negligent of her foreign trade interests as was Spain of the interests of Cuba. When the change came from wooden to iron ships and from sailing to steam vessels, England was prompt, not only to furnish tramp steamers for the transportation of Cuba's sugar crop to the United States, but with English capital she built and operated under the Spanish flag steamers which carried both Spanish and English merchandise to Cuba, taking advantage of the first and third columns of the Spanish tariff for Cuba, from which American merchandise was debarred, for the United States contented herself by imposing an additional duty of 10 per cent upon Cuban and Porto Rican merchandise in Spanish vessels. This provision was applied by the United States as late as 1874 upon a cargo of molasses imported by a Spanish schooner. In 1884 these discriminating duties were abolished by agreement with Spain. But we had for many years the singular spectacle of English-built Spanish steamers, operated largely by English capital, running from English and Spanish ports and supplying Cuba with the many articles of need which should have gone from the United States, including flour from American wheat, which was shipped from New York to Santander under the British flag and thence to Habana as Spanish flour. These same Spanish steamers came in ballast to our southern ports to load cotton back to Europe.

All this was allowed for years in the name of protection to American industries and American shipping, and at a time when, through radical changes in the commerce of the world, we were every year taking a larger proportion of Cuban exports and paying through

New York, by remittance of exchange, to Spain, England, Germany, and France, in settlement for merchandise with which they were supplying Cuba.

In 1890 the McKinley tariff bill was passed, and by what was known as the Aldrich amendment power was conferred upon the President of the United States to negotiate treaties of reciprocity which would admit sugar free of duty from such countries as would make concessions in their tariffs upon American merchandise. Under the power so conferred a treaty of reciprocity was negotiated with Spain, and afterwards similar treaties were made with the principal sugar-producing countries of the world, and the United States tariff upon sugar was practically abolished; so our exports to Cuba rapidly increased, the cost of food supplies in Cuba was greatly reduced, and the island entered upon a period of prosperity such as it had not known for many years. This lasted until the year 1895, when the second insurrection occurred.

In 1894 the change from a Republican to a Democratic administration at Washington was followed by the passage of the Wilson tariff bill, which again placed a duty upon sugar, canceled the reciprocity treaties, and brought a return to the Spanish tariff rates in Cuba. Prices of sugar declined, while the cost of living increased; confidence was destroyed through such conditions, together with a threatened insurrection, and as the estates finished their crops in the spring of 1895, all work on the plantations ceased, and the thousands of laborers suddenly thrown out of employment and unable to gain a livelihood took to the woods and joined the ranks of the insurgents. The destruction of property, the loss to commerce, and the reduction of Cuba's sugar crop from 1,040,000 to 230,000 tons, with the Spanish-American war which followed in 1898, are now matters of history. In 1897 the Dingley tariff bill was passed, by which 96 test sugar paid 1.68½ cents per pound, about double the rate under the Wilson bill.

Following our war with Spain and the taking over of her colonies came a radical change in our trade relations with Cuba through the reciprocity treaty, which took effect December 27, 1903. By this treaty Cuban sugar enters the United States at 20 per cent less duty than is charged upon other foreign sugar under the existing Dingley rates, or in round figures 1.35 cents per pound against 1.69 cents, the full rate on ninety-six test sugar, and Cuba concedes to the United States a reduction ranging from 20 to 40 per cent from her regular tariff rates charged to other countries.

When this treaty took effect the serious competition between European beet and Cuban sugars in the United States ceased. Under the Brussels agreement all government bounties, except those of Russia, were abolished, and the continental countries took steps to restrict their production to their consumption. England could no longer supply her requirements below cost of production, and began drawing upon her own colonies and Java, and these sugars, paying a higher rate of duty in the United States than Cuban sugars paid, were diverted to England and to the eastern countries as long as Cuba could supply our markets.

The first effect of the reciprocity treaty with Cuba was, as expected, to give that country the greater part of the differential duty and largely to divert her orders for supplies from Europe to the United

States; but as an effect of changing the sugar tariffs of practically the entire commercial world, and the subsequent diversion of commerce to its more natural channels, combined with a poor agricultural season in Europe, crops were reduced and prices temporarily rose in 1905. This stimulated production in all cane sugar countries, including Cuba, and large crops and lower prices in 1907 were the consequence.

Cuba, after the Spanish-American war, and under the stimulus of the reciprocity treaty, gradually recovered from the effects of the insurrection, but it was not until 1904 that her sugar crop again equaled that of 1895, preceding the second insurrection.

In tracing sugar legislation for the last forty years we get an illustration of how the tide of commerce has been changed and diverted from one channel to another by the raising and lowering of tariffs and by payments of bounties, at times bringing great temporary prosperity, and again sweeping away all barriers in seeking its natural outlet.

As has been stated, the first effect of the present reciprocity treaty was to give the greater part of the differential, amounting to roundly one-third of a cent per pound, to the Cuban producers, but as our domestic production and the Cuban crop increased, the New York duty-paid price dropped, and during the period when the bulk of the Cuban crop is marketed (January to June) prices fell so far below the parity of Europe as to transfer the benefit of the differential to the consumers in the United States, so that in effect, while the reciprocity treaty in 1907 gave the United States markets for raw sugar to Cuba, as against other foreign competitors, by allowing her to undersell them, the island received but little pecuniary benefit from the differential accorded to her, and it still had to pay 1.35 cents per pound against the free sugar from our western beets, and the caned sugars of Louisiana, Porto Rico, and Hawaii, which sources were supplying nearly half of our annual requirements and forcing sales at the time of the heaviest receipts of Cuba sugars.

While United States control has, upon the whole, greatly benefited Cuba, and both General Wood and Governor Magoon are entitled to every credit for their administration of affairs, this relation has not been without its advantages. When the Cuban reciprocity treaty was under discussion at Washington every effort was made by special interests to reduce the proposed differential on sugar to the lowest possible figure, and fearing the competition for our domestic sugar through cheaper Cuban labor, our "contract labor law," the "Chinese exclusion act," and our immigration law were all put in force in the island by General Wood, through directions from Washington, and afterwards made permanent by the joint resolution of Congress known as the "Platt amendment." This action has effectually prevented Cuba from getting an adequate supply of labor to harvest her increasing crops, and the average wage of the agricultural laborer throughout the year is now quite as high as that paid in the United States. Figures from the pay rolls of a well-known Cuban plantation show an increase in cost of labor between July, 1902, and July, 1906, of over 40 per cent, and an increase in the harvest season months of March, 1903 and 1907, of 33 per cent. With United States control came the labor agitator from the North and the formation of labor unions under his direction. This has led to a

succession of strikes from trivial cause, many of which have had most disastrous consequences.

In providing by treaty for the exports of the United States, duties in Cuba were so adjusted as to give the trade to this country by differential duties ranging from 20 to 40 per cent. Under this provision our exports to Cuba have shown a most satisfactory growth, and from an insignificant amount under Spanish tariffs they reached the value of $51,300,000 out of a total of $104,400,000 imports for the twelve months ending December 31, nearly 50 per cent of the total. That the percentage was not greater was largely due to the high values prevailing in the United States, owing to control of prices of so many commodities by combinations, and to higher freight rates from the United States than from Europe, due to similar control of steamship lines.

Cuba has unquestionably benefited through United States control, first by securing a market for her sugars, when all others were closed to her, and, secondly, by the maintenance of order through the presence of United States troops during all but four years of the time which has elapsed since our war with Spain in 1898. Millions of foreign capital have been invested in Cuban sugar, tobacco, and cattle industries, in the building of railroads, the establishment of banks, and other important enterprises. But both the consumers and producers in the United States have also benefited, the first through the lowering of the tariff rate on Cuban sugar, the second by an increased foreign market for their goods.

The political overturn in Cuba in August, 1906, with the threatened destruction of foreign property, forced the United States to again intervene by authority conferred by both governments under the Platt amendment to the Senate army appropriation bill of February 25, 1902, afterwards ratified by the Cuban Congress. This insurrection, which was fortunately checked before much destruction had been accomplished, stopped all agricultural work at a critical period and destroyed confidence, so that very little planting was done for the crop of 1908, and these conditions, followed by a severe drought during the next summer, reduced the sugar crop of 1908 to 925,000 tons against 1,420,000 tons the previous year.

In the early spring of the present year it was announced from Washington that the United States troops would be withdrawn not later than February 1, 1909; further credit was then refused to the planters, imports fell off, and general stagnation followed. These are the conditions prevailing to-day, for there are very few people connected with the business of the island, even among the Cubans themselves, who believe the country is yet prepared for an unrestricted independent government, free from United States control in some form.

The subject of tariff revision will soon be under discussion at Washington. The treaty of reciprocity with Cuba, which went into effect on December 27, 1903, was for five years from that date (to December 27, 1908), "and from year to year thereafter until the expiration of one year from the day when either contracting party shall give notice to terminate."

Already a movement is suggested on the part of our beet sugar producers to prevent any reduction in the sugar schedule and if possible to terminate this treaty. These interests claim that, given a high pro-

tection, domestic sugar should, within a few years, supply our consumption at a saving of some eighty million dollars, now sent abroad in payment for imported sugars. They ignored the fact that the greater part of these imports are paid for, not in cash, but in merchandise, the product of our factories, mines, and farms, over fifty millions of which now goes to Cuba alone.

Another argument against reduced duties is that the United States can not spare any of its revenue from sugar; a glance at the following figures will show the effect upon revenue, of the marked increase in domestic production:

Consumption, supply, and revenue from sugar—ten years.

[Sugar given in gross tons.]

Year.	Consumption.	Free sugar supply.	Cuban crop.	Other countries, bal. requirements.	Revenue to June 30.
1898	2,008,000	556,000	[a] 230,000	1,217,000	[b] $29,504,000
1899	2,078,000	537,000	345,000	1,196,000	61,596,000
1900	2,220,000	478,000	308,000	1,434,000	57,741,000
1901	2,372,000	698,000	635,000	1,039,000	63,040,000
1902	2,566,000	876,000	850,000	840,000	53,033,000
1903	2,550,000	971,000	999,000	580,000	63,630,000
1904	2,767,000	881,000	1,040,000	846,000	58,152,000
1905	2,632,000	1,070,000	1,163,000	399,000	51,439,000
1906	2,864,000	1,177,000	1,179,000	508,000	52,645,000
1907	2,994,000	1,278,000	1,428,000	288,000	[c] 60,334,000
Increase since 1902	428,000	402,000	575,000		

[a] Spanish-American war.
[b] Revenue effected by change in tariff August, 1907.
[c] Temporary increase from heavy Cuban importations previous to June 30.

NOTES.—Sugar statistics are for calendar years; revenue for fiscal years; figures of consumption and crops from Willett & Gray's reports.
The revenue from sugar and molasses for year ending June 30, 1908, was $50,106,000.

During the ten-year period above given the consumption of the United States increased 991,000 tons, the average annual increase being slightly under 5 per cent; during the same period the supply of free sugar increased 722,000 tons, the Cuban crop 1,198,000, while our requirements from all other countries have decreased 929,000 tons, and the revenue under the Dingley tariff has (if we except the year 1907) not increased since 1899, but has rather diminished in face of the steady increase of consumption.

Following these figures to a logical conclusion, and barring partial crop failures, such as occurred in Cuba the present year, when the crop is reduced to 925,000, the present tariff rate would first shut out sugars from all foreign countries, other than those from Cuba, then check, and afterwards reduce, the Cuban production, for the reason that sugar paying a duty of 1.35 cents per pound can not compete with that paying no duty.

The revenue from sugar under the present tariff has apparently reached and passed its maximum point, and any increase in tariff rates would soon decrease it by artificially stimulating the domestic production for which consumers are already paying some one hundred million dollars annually, but little more than half of which reaches the United States Treasury.

Under the treaty of Paris, 1898, and the provision of the Platt amendment, 1902, the United States first made themselves responsible for and afterwards assumed the right to protect life and prop-

erty in Cuba. In case of further trouble following the contemplated withdrawal of United States troops, either we must return promptly or so far abandon the Monroe doctrine as to permit the landing of troops by the European governments for the protection of their citizens whose interests there are large and steadily increasing.

While the present differential duty of 0.34 cent per pound has proved sufficient to protect Cuba in the United States markets against the lower cost of sugars of Europe and Java, she can not long compete with our domestic sugars against the duty she is now paying of 1.35 cents per pound. As long as the island is prosperous and under some form of United States control, a republican government may be maintained; but should her great sugar industry be made unprofitable, either by cancellation of the treaty or by long continuance of the present high duty against her sugar, revolution, fed by her unemployed, is sure to result in the future, as it has under similar circumstances in the past. Revolution would be followed by a third and final occupation by the United States, by annexation, and finally by abolition of all duties. Whether such a condition is desirable in the near future, either for the United States or for Cuba, is open to grave doubt, but no government in any form, other than one of military force, can be maintained unless the people are given a "square deal" and allowed to benefit through their own industry.

To put the sugar industry of Cuba upon a sound basis does not require the removal of duties here, or such drastic measures as would prevent a fair and just return to our beet sugar and other producers upon their invested capital. But these interests are no longer dependent upon the present high Dingley rates—a liberal reduction can now be made in our sugar schedules; and by continuing the present differential of 34 cents per 100 pounds, our large and increasing export trade to the island can be held, through maintaining its leading industry in a sound and healthy condition.

Will our domestic producers allow such reduction, or will they, by pursuing the former policy of Spain, risk all, and bring about the very conditions of free trade which they are so anxious to avoid?

STATEMENT OF MR. CLAUS A. SPRECKELS, OF 138 FRONT STREET, NEW YORK CITY, REPRESENTING THE FEDERAL SUGAR REFINING COMPANY.

Mr. SPRECKELS. Mr. Chairman and gentlemen of the committee, I appear before your committee as the president of the Federal Sugar Refining Company of New York, an entirely independent concern, with no direct or indirect affiliations, understanding, or agreement of any kind whatsoever with the sugar trust, and in order that you may understand my exact position and know that I am asking for no favors, would state that I would be perfectly satisfied if you should finally decide to agree upon free trade in both raw and refined sugars. I would, of course, appreciate and think we are entitled to a moderate protection on refined sugars, but would prefer absolute free trade to the present schedule, under which the sugar trust is the principal beneficiary and enabled to exact special privileges and conditions on sugars produced in Louisiana and the Hawaiian Islands.

It is evident that the country desires a revision of the tariff, and expects a reduction of duties whenever it can be shown to be reasonable,

feasible, and advantageous. Personally, I take no stock in the old and threadbare theory that the duty on sugar can not be abolished on account of the Government requiring the revenue, and have full confidence that your committee and the Senate Finance Committee can, after your years of experience, raise the necessary revenue from other sources.

As far as the production of the domestic sugar is concerned I claim that beet sugar factories located in proper localities, such as Colorado, California, Utah, Idaho, and Oregon, should, and I am informed, can produce granulated sugar at 2½ cents per pound. Of course, if it be the purpose of this Government to impose a tariff which will enable the production of articles in unsuitable localities at the expense of the American public, then an import duty is necessary and will always have to be maintained.

As far as Louisiana is concerned, I contend that the sugar trust is in a position to seize at its discretion a large share, if not all, of the benefit of the protection granted.

As far as our colonies are concerned, they to-day are able to produce sugars in competition with the rest of the world.

Under the circumstances, I believe the sooner our Government reduces and gradually wipes out entirely the duty on sugar the better it will be for the country and all concerned. Of course bearing in mind that the differential afforded refiners should be reduced in proportion to the reduction in duties on raw sugar.

The CHAIRMAN. I understand that what you recommend is that sugars be absolutely free, excepting refined sugar?

Mr. SPRECKELS. No; both.

The CHAIRMAN. That is, all on the free list?

Mr. SPRECKELS. If you take it off of raw, take it off of refined.

The CHAIRMAN. And you think the result of that would be that the beet sugar factories east of the Rocky Mountains could not exist in proper localities?

Mr. SPRECKELS. They are not in their proper localities. If you want to raise beet sugar in Florida, or cane sugar in Michigan, put a tariff of 5 cents a pound on it, but those are unnatural conditions.

The CHAIRMAN. They could not raise cane sugar in Michigan if you put 50 cents a pound duty on it. What effect would that have on the Louisiana cane sugar; it would put them out of business, would it not?

Mr. SPRECKELS. I am not so certain about that. They sold their sugars last year on practically the basis of 80 cents per hundred pounds protection.

The CHAIRMAN. And you propose to take it off?

Mr. SPRECKELS. But the tariff is 1.68½.

The CHAIRMAN. You propose to take it all off.

Mr. SPRECKELS. I do not know but what they can produce it when on the free list, but I have no evidence of that.

The CHAIRMAN. You are not putting it on the ground of what you know, but what you do not know. You say that you do not know but what they could produce it?

Mr. SPRECKELS. I do not think that it requires all the protection that exists to-day.

The CHAIRMAN. Well, Mr. Spreckels, if you take the differential off refined sugar by making all the sugar free, why can not you take

the differential off of refined sugar when there is a tariff on raw sugar, making the same tariff on the sugar after refining, according to the degree of purity that there is on 96° test?

Mr. SPRECKELS. When sugar is selling at 4 cents a pound—take, for example, 96 test sugar will produce about 93 pounds granulated sugar out of a hundred, therefore there is a loss of 7 per cent; 7 pounds out of every hundred pounds is lost.

The CHAIRMAN. After you have made up that loss, what reason is there for any more differential?

Mr. SPRECKELS. If you will allow me to explain, I will proceed. The loss of 4 cents would amount to 28 cents, and if that same sugar is selling at 2 cents a pound the loss is only 14 cents. We do not require that differential, because we do not lose that extra 14 cents.

The CHAIRMAN. You could stand the loss on sugar at 2 cents a pound on refining, but you can not stand the loss on sugar at 4 cents a pound in refining?

Mr. SPRECKELS. That is correct.

The CHAIRMAN. So that the only differential required for refined sugar would be to make up the difference between 2 and 4 cents a pound on a loss?

Mr. SPRECKELS. That is correct.

The CHAIRMAN. Which would be 4 cents on the hundred pounds?

Mr. SPRECKELS. No; that would be 14 cents.

The CHAIRMAN. How many pounds would you lose?

Mr. SPRECKELS. Seven pounds.

The CHAIRMAN. Oh, 7 pounds. Well, that would be 14 cents. Then the 14 cents would be sufficient differential on refined sugar over 96 test?

Mr. SPRECKELS. Plenty.

The CHAIRMAN. No matter what the duty is on raw sugar?

Mr. SPRECKELS. Oh, no. If you put a duty on of 10 cents, you lose 7 per cent of duty.

The CHAIRMAN. We have protection now at 4 cents a pound—that is, duty-paid sugar?

Mr. SPRECKELS. Yes.

The CHAIRMAN. And you say that 14 cents would be sufficient to cover it—that is, the difference between the 2 cents and the 4 cents?

Mr. SPRECKELS. Yes, sir.

The CHAIRMAN. That would cover the difference on refined sugar?

Mr. SPRECKELS. It would.

The CHAIRMAN. What proportion of sugar used in this country do you refine at your refineries?

Mr. SPRECKELS. I must think for a moment as to that.

The CHAIRMAN. Approximately; I do not care about the exact figures.

Mr. SPRECKELS. Of the total consumption of the United States?

The CHAIRMAN. Yes; what percentage of the total consumption?

Mr. SPRECKELS. About 12½ per cent.

The CHAIRMAN. And you have been in the refining business——

Mr. SPRECKELS. Let me say that I made an error there; it is not quite that much. About 9 per cent, I should say.

The CHAIRMAN. You have been in the refining business a good many years?

Mr. SPRECKELS. Thirty-three years.

The CHAIRMAN. Of whom do you purchase your raw sugars? What raw sugar is it, Cuban or Louisiana?

Mr. SPRECKLES. We unfortunately can not get any of the Louisiana sugar; we tried it last year.

The CHAIRMAN. Where do you buy it?

Mr. SPRECKELS. We buy of Java, Cuba, Porto Rico. We do not buy Hawaiian or Louisiana sugar.

The CHAIRMAN. You can not get the Hawaiian sugar?

Mr. SPRECKELS. They are under contract with the trust to deliver their sugars at three-eighths of a cent a pound less than the basis of the Cuban tariff, therefore they only have a protection of 1 cent a pound there.

The CHAIRMAN. And at what prices do you buy the Cuban sugar as compared with the Hamburg price, laid down in New York?

Mr. SPRECKELS. It varies considerably from time to time. Sometimes it pays as much, sometimes less, than the European sugar.

The CHAIRMAN. When the Cuban crop and the Louisiana crop all come in together, as they do in the winter time, they get less than they do when the crops are not coming in?

Mr. SPRECKELS. Not always.

The CHAIRMAN. Do you not generally? Is not that the general trend of the market?

Mr. SPRECKELS. I am not certain about that.

The CHAIRMAN. How much below the world's price do you get it at any time—the extreme price?

Mr. SPRECKELS. You have reference to the Cuban sugar?

The CHAIRMAN. The Cuban sugar; yes.

Mr. SPRECKELS. We get the full benefit of the reduction of the tariff, about 35 cents a hundred pounds.

The CHAIRMAN. And at some time, I understand you to say, you pay the full price of the world's market for Cuban sugar. The great bulk of the Cuban sugar comes in here at a discount below the world's price?

Mr. SPRECKELS. The great bulk does; yes.

The CHAIRMAN. And that price that you pay is the market price in New York, of course; and who fixes that?

Mr. SPRECKELS. Supply and demand.

The CHAIRMAN. Well, supply and demand, of course; but the world's market has something to do with it. Does the price at which the American Sugar Refining Company buys it have anything to do with it?

Mr. SPRECKELS. No more than if I buy it. It is a question of supply and demand.

The CHAIRMAN. But if there is keen competition?

Mr. SPRECKELS. There is no competition.

The CHAIRMAN. You all want it, the American Sugar Refining Company wants it, and, of course, the price is paid.

Mr. SPRECKELS. Correct.

The CHAIRMAN. And if the sellers are more numerous and the quantity of sugar is larger in the market, you get it below that. And, of course, you all buy it as cheaply as you can, and the seller sells it for the best price he can get?

Mr. SPRECKELS. Quite true.

Mr. UNDERWOOD. You are in the sugar refining business, are you not?

Mr. SPRECKELS. Yes, sir.

Mr. UNDERWOOD. You are familiar with the business and have been in it thirty years?

Mr. SPRECKELS. I am.

Mr. UNDERWOOD. I would like to ask you as to whether there is any margin of profit to the manufacturer on refined sugar between the differential and the loss in weight on sugar by reason of its being refined?

Mr. SPRECKELS. Not always. For example, you take sugar laid down from Hamburg to-day. It can be imported for $4.70 per hundred. Our price to-day is $4.65 per hundred. That is our price.

Mr. UNDERWOOD. How much does the differential to the refiner amount to?

Mr. SPRECKELS. Twelve and one-half cents per hundred.

Mr. UNDERWOOD. Does it take that entire 12½ cents to cover the loss to the manufacturer to-day and the shrinkage in his material by reason of the refining,

Mr. SPRECKELS. Approximately; yes, sir. It will vary from 10 to 15 points. The average would be, say, 12½ cents.

Mr. UNDERWOOD. Then you say that there is no profit to the refiner due to the differential?

Mr. SPRECKELS. No, sir.

Mr. UNDERWOOD. What effect would there be upon the business of the refiners of this country if we reduce the tax on sugar one-half a cent a pound?

Mr. SPRECKELS. I think it would be a great benefit to it, stimulate the trade, stimulate other trades, such as the canning of fruit and preserves; for example, England is the greatest consuming country for sugar per capita in the world. Their consumption per capita is nearly 100 pounds, while in this country it is only 80 pounds. We all know, or think we do, that the English people do not actually consume that sugar. The do not eat as many sweetmeats as the American probably, but they export that to their colonies and to foreign countries in the shape of marmalades, jellies, jams, and all sorts of preserves. England does not raise those fruits, but we do. If we have cheaper sugar our fruit can be exported in the shape of these marmalades, jellies, and jams.

Mr. UNDERWOOD. The present prices that the American Sugar Refining Company pays the Louisiana people and the Hawaiian people is at least one-half a cent under the European cost with the tariff added, is it not; the Hamburg price with the tariff added?

Mr. SPRECKELS. A little more than one-half a cent—about 0.68 of a cent.

Mr. UNDERWOOD. Then, so far as protection for the Hawaiian and Louisiana planter is concerned and the present price that he is selling sugar for, he would be fully protected by a tariff reduced one-half a cent, would he not?

Mr. SPRECKELS. I do not think I understand your question.

Mr. UNDERWOOD. He is selling sugar now at half a cent below the Hamburg price with the duty added. Therefore, if we reduce it one-half a cent, the Louisiana and the Hawaiian sugar producers would have a protection that would amount to more than what their

selling price is to-day; that is, the duty added to the foreign price would amount to more than what their selling price is to-day, and the planter would receive the same protection that he does to-day.

Mr. SPRECKELS. He could receive the same price.

Mr. UNDERWOOD. How far into the interior can you go to meet the beet sugar trade in competition, when they are putting their sugars on the market?

Mr. SPRECKELS. That varies. You go to Chicago, and go as far as the Mississippi River, but they intend to ship as far as Pittsburg, and sometimes into the interior of New York State. But for certain reasons they will not take beet sugar, and the beet sugar is selling for a less price. Many people do not know the difference; yet there is a difference. For example, for preserving. The beet sugars, as produced in this country, are not fit for that, because they are semirefined; they do not pass it over boneblack.

Mr. UNDERWOOD. So that they can not be used for those purposes?

Mr. SPRECKELS. Not to the same advantage.

Mr. UNDERWOOD. You say that the territory beyond the Mississippi River, then, is within the zone that the beet sugar man controls for his own market?

Mr. SPRECKELS. It is.

Mr. UNDERWOOD. And the zone between Pittsburg and the Mississippi River both contend for?

Mr. SPRECKELS. Yes.

Mr. UNDERWOOD. And you control the zone east of Pittsburg?

Mr. SPRECKELS. Practically.

Mr. UNDERWOOD. Therefore to the extent that the manufacturer of sugar in Colorado, Idaho, and California—that territory that you say is adapted to that purpose—is concerned, the freight rates would protect them to the extent of one-half a cent reduction on the tariff, would it not?

Mr. SPRECKELS. I think a little more than that. The freight rates from that country and the western coast enable them to sell for from a cent to a cent and a half per pound more than the eastern man.

Mr. POU. If Congress should finally pass an act reducing the present duties on sugar a half a cent a pound, would or would not that, in your opinion, make sugar cheaper to the ultimate consumer?

Mr. SPRECKELS. I think it would.

Mr. POU. You think he would feel the benefit of the half-cent reduction?

Mr. SPRECKELS. I do.

Mr. BOUTELL. Right in that connection and along that line, to whom does the Federal Sugar Refining Company sell its refined product—what class of purchasers?

Mr. SPRECKELS. The wholesale grocers.

Mr. BOUTELL. For example, what customers have you in Chicago, if you do not mind telling?

Mr. SPRECKELS. All the wholesale grocers, and there are dozens of them there.

Mr. BOUTELL. I understand—that is, your customers are all one class, wholesalers, or jobbers, and you do not sell to retailers?

Mr. SPRECKELS. We do not.

Mr. BOUTELL. Is there any contract or agreement between your refinery and the jobbers as to the prices at which they shall sell to the retailers?

Mr. SPRECKELS. Absolutely none.

Mr. BOUTELL. Do you know whether there is any such means among other refiners in exacting contracts from their jobbers?

Mr. SPRECKELS. There has been, I believe, but it has been abolished.

Mr. BOUTELL. In continuing the sale of this product down to the man who eats the sugar, do you know whether there is any exaction by any of these jobbers of the retailers as to the limitations of price?

Mr. SPRECKELS. No, sir.

Mr. BOUTELL. You stated in your first paragraph that the Federal Sugar Refining Company had no agreement or understanding of any kind whatever with the so-called trust?

Mr. SPRECKELS. Yes, sir.

Mr. BOUTELL. Have you any understanding or agreement with reference to prices with any other refinery?

Mr. SPRECKELS. Absolutely none.

Mr. BOUTELL. Absolutely independent?

Mr. SPRECKELS. Absolutely independent.

Mr. BOUTELL. If I gather your meaning from the way in which you stated it, it was to the effect that, aside from your business, as a citizen and a taxpayer, you would have no objection to having absolute free trade in both the raw and refined sugar?

Mr. SPRECKELS. Yes, sir.

Mr. BOUTELL. You expressed the opinion that this $50,000,000 or $60,000,000 revenue derived from sugar could readily be raised. Speaking in round numbers, our income from duties on imports is about $300,000,000 a year, and the $60,000,000 from sugar would be one-fifth of the entire national income from duties on imports. Have you thought at all, not as a sugar man, but as a taxpayer, of any method of raising this $60,000,000?

Mr. SPRECKELS. I have, many times. I suggest that you have something right in this room. You have chairs, I see, that are imported from Vienna, and you could put a tax on those.

Mr. BOUTELL. But are they not now taxed? I think the North Carolina and Michigan furniture men have looked to that.

Mr. SPRECKELS. You have not taxed it enough; but that is merely an object lesson in this room; but you can put the tax on tea or coffee.

Mr. BOUTELL. How much would a tax of 5 cents a pound on coffee amount to?

Mr. SPRECKELS. I could not say, but I think there are people in this room who could tell. I do not know how much coffee is consumed.

Mr. BOUTELL. Your general idea, as I grasp it, is—not going into details—that in taking the duty off of refined sugar and reducing the income to the extent of $60,000,000 you would raise that by other duties?

Mr. SPRECKELS. By other duties.

Mr. RANDELL. How about an income tax?

Mr. SPRECKELS. That is quite agreeable to me.

Mr. RANDELL. Did you say that if the tax is reduced half a cent a pound that the Louisiana cane sugar growers could maintain their present prices?

Mr. SPRECKELS. Yes, sir; because they are giving more than that away to-day.

Mr. RANDELL. I understood you to say, in answer to the gentleman from North Carolina, that if this reduction was made it would ultimately go to the consumer. What I want to know is this: If the consumer gets the reduction and the producer of sugar gets the same prices, how do you reconcile those two statements? How can one get as much for the production of sugar and the consumer pay less.

Mr. SPRECKELS. Are you talking about free trade?

Mr. RANDELL. No, sir.

Mr. SPRECKELS. Talking about a reduction?

Mr. RANDELL. I understood you to say that if the tariff is reduced one-half cent a pound that the producer of raw sugars can maintain the same prices that he now gets. You stated that, if I did not misunderstand you.

Mr. SPRECKELS. I am not speaking of the Louisiana producer particularly.

Mr. RANDELL. Now, I want to understand this statement. If this reduction of a half a cent a pound was made, could the producer of raw sugar maintain the same prices he is getting now?

Mr. SPRECKELS. I think he could.

Mr. RANDELL. What I wanted to know was, how can the producer get the same price and the consumer get the sugar for half a cent a pound less? That is a question in mathematics that I can not solve.

Mr. SPRECKELS. The consumer would get it by reason of the lower duties on the eastern coast; for example, we are not buying Louisiana sugars.

Mr. RANDELL. I know; but how can the producer get it, and the consumer get the benefit of it, too?

Mr. SPRECKELS. The consumer will get it from the importations from foreign countries. Louisiana does not produce all the sugar that is consumed in this country.

Mr. RANDELL. And how would it affect the revenue?

Mr. SPRECKELS. I am not speaking of the revenue.

Mr. RANDELL. Would not the Government get half a cent less on sugar imported from Cuba and other countries, on the raw sugar? And yet according to your statement the producer of sugar in this country would get no higher and no less price.

Mr. SPRECKELS. The producer would not. The producer does not produce all the sugar which is consumed in the United States. That is my answer to that.

Mr. RANDELL. Then, which statement do you adhere to?

Mr. SPRECKELS. Both.

Mr. RANDELL. That the consumer will get that half cent, or the producer get it?

Mr. SPRECKELS. Both of them would get it.

Mr. BOUTELL. One question here, and it is suggested by this last question of Mr. Randell's, and that is, that where you, in the manufacturing trade, speak of a consumer—and I infer this from what Mr. Atkins said—you would mean, for example, the jobber, the wholesaler; in other words, you do not recognize laws of commerce or trade which inevitably and automatically affect the price at which a retailer shall sell to his retail customers?

Mr. SPRECKELS. No, sir.

Mr. BOUTELL. So that in all these discussions the word "consumer," that is, reducing the price of material to the "consumer," means the price at which the manufacturer puts it out to the jobber or wholesaler?

Mr. SPRECKELS. Quite right.

Mr. BOUTELL. And the effect of the price at which the wholesaler sells to the retailer, or the retailer sells to the country or city customer, is something which is not taken into consideration.

Mr. UNDERWOOD. Then if there is a wholesale grocers' association in the country which might be called a trust, this question can not regulate it; that would have to be regulated in another way?

Mr. SPRECKELS. Yes.

Mr. UNDERWOOD. It comes back to the proposition in which you stated that Louisiana and Hawaiian sugar producers would receive the same amount by a reduction of a half a cent, and yet there would be a reduction to the consumer, due to the fact that the foreign sugar coming into the market would fix the price to the consumer, and the refiners to-day are paying more than a half a cent under the European market price, with the tariff added—that is the reason both propositions are true?

Mr. SPRECKELS. That is the idea.

Mr. CLARK. What is the reason that they do not refine sugar where it is made?

Mr. SPRECKELS. Because it is not profitable to refine it. You must bring it to a central place.

Mr. CLARK. New York is no more central than New Orleans, is it?

Mr. SPRECKELS. They can not refine it profitably; that has been demonstrated time and again.

Mr. CLARK. What has been demonstrated?

Mr. SPRECKELS. It has been demonstrated in Hawaii.

Mr. CLARK. That you can not refine it on a plantation?

Mr. SPRECKELS. Yes, sir; it has been demonstrated that it is not profitable to refine it on a plantation.

Mr. CLARK. Why isn't is as profitable to refine it at San Francisco, St. Louis, New Orleans, or Chicago as it is to refine it in New York?

Mr. SPRECKELS. I do not think you understand me, sir. I say it is unprofitable to refine it. I suppose you have in mind the refining of the sugar on the plantations in Cuba?

Mr. CLARK. I didn't have any idea of its being refined on a plantation, especially. I understand that, in a general way, of course, the refinery is an expensive institution, but why they can not have it refined at some place accessible to the sources of production of raw sugar I can not see.

Mr. SPRECKELS. They can, and they do have.

Mr. CLARK. I can not understand why it can not be refined easier there than to ship it to New York. What is the sense of sending everything to New York in the first instance, and then bringing it back again?

Mr. SPRECKELS. There is absolutely no sense in it.

Mr. CLARK. But that is what they do, is it not?

Mr. SPRECKELS. No, sir; they do not. They refine it in Louisiana. The American Sugar Refining Company, the so-called trust, has a refinery there now, and they are building a new one.

Mr. CLARK. You have one?

Mr. SPRECKELS. No, sir; we have not; we only have in New York.

Mr. CLARK. Where is your refinery?

Mr. SPRECKELS. At Yonkers, N. Y.

Mr. CLARK. That is what I say, and that is where you get your Cuban sugar. Do you get Louisiana or Texas sugar?

Mr. SPRECKELS. No, sir.

Mr. CLARK. And you do not get Hawaiian sugar?

Mr. SPRECKELS. No, sir; none.

Mr. CLARK. What is the proportion of sugar, if you know, that is produced in Louisiana, and is refined in Louisiana?

Mr. SPRECKELS. Seventy-five per cent.

Mr. CLARK. Is there any sugar refined in the Sandwich Islands?

Mr. SPRECKELS. There is one refinery there.

Mr. CLARK. Some years ago there was a great deal of sugar refining at San Francisco, was there not?

Mr. SPRECKELS. There is to-day; there are two refineries there.

Mr. CLARK. Do they refine as much sugar in San Francisco now as they did twenty or twenty-five years ago?

Mr. SPRECKELS. Just about the same.

Mr. CLARK. Why do they not refine it in the Sandwich Islands, where they produce it?

Mr. SPRECKELS. Because, as I say, they can not refine it there profitably on a plantation.

Mr. CLARK. Why can not they?

Mr. SPRECKELS. That is a matter that would take more time than I could use to answer. The fact is that the planters themselves have a refinery. When they could not agree with the so-called "trust" upon the sale of sugar, they established a refinery themselves in San Francisco rather than to put the refinery on a plantation. They shipped the raw product to San Francisco, because the greater the production the less cost per unit. Now, you can not go on a plantation and make 5,000 tons of sugar (which you may have to make in a week) and make it profitably.

Mr. CLARK. I understand that, but I can not understand why they do not have one or two places in the Sandwich Islands where they produce so much sugar.

Mr. SPRECKELS. They have one refinery in Honolulu, Hawaiian Islands, but it has not proved a success.

Mr. CLARK. That is largely the fault of the management then, isn't it?

Mr. SPRECKELS. No; but the locality.

Mr. CLARK. You do not know anything about the profits of the corner grocery man who sells sugar, do you?

Mr. SPRECKELS. I do not think he makes any profit.

Mr. CLARK. That is just exactly what I was going to get at. Isn't it true that nearly all of the grocerymen, and practically all of them in the United States, make sugar what they call a "leader," and that they sell refined sugar at perhaps as small a profit as any article that they carry?

Mr. SPRECKELS. That is true.

Mr. CLARK. So that practically the retail dealers of the United States make nothing out of it, and that all of the profit goes to the

producer of raw sugar, the refineries, the wholesalers, and the jobbers?

Mr. SPRECKELS. That is right.

Mr. FORDNEY. You spoke about canning and preserving fruits. Isn't it true, under the existing law, that 99 per cent of the duty paid on sugar and put into fruits in their preparations to be shipped abroad can be gotten back as the drawback?

Mr. SPRECKELS. Yes.

Mr. FORDNEY. Then free sugar, for that purpose, would not in any way aid the production of that article in the preserving of fruits to be shipped abroad?

Mr. SPRECKELS. I think it would.

Mr. FORDNEY. To the extent of 1 per cent only.

Mr. SPRECKELS. No; more than that. It costs them more originally for the sugar, and the capital invested, if he buys it for 2 or 5 cents a pound; there is quite a difference in the investment, the first cost.

Mr. FORDNEY. One per cent on the drawback is not of any consequence?

Mr. SPRECKELS. I should say it was.

Mr. FORDNEY. Or 99 per cent of it. If 1 per cent was wiped out it would greatly stimulate the exportation of fruits abroad, would it not?

Mr. SPRECKELS. It would stimulate it to that extent only.

Mr. FORDNEY. I understand you, in answer to a question put by the chairman, to say that there was no competition on raw sugars in the New York market.

Mr. SPRECKELS. I did not say that; you misunderstood me.

The CHAIRMAN. I did not understand him to say that. I understood him to say that they did it as cheaply as the American Sugar Refining Company.

Mr. FORDNEY. As a refiner, do you think that the American consumer and the manufacturer would be benefited by free sugar instead of duty-paid sugar?

Mr. SPRECKELS. I do, decidedly.

Mr. FORDNEY. Do you think that the domestic production of sugar could exist under free trade?

Mr. SPRECKELS. If properly located; yes, sir.

Mr. FORDNEY. Where would it have to be located—in New York?

Mr. SPRECKELS. No; I would locate it in California or Colorado. You have heard the testimony of yesterday, that they moved the factories from Michigan into Colorado.

Mr. FORDNEY. The freight from Colorado to the seaboard is less than $1 a hundred?

Mr. SPRECKELS. They do not send it to the seaboard; they have a local market.

Mr. FORDNEY. If they should send it to the seaboard, the freight would be less than $1, while the duty is 1.68½?

Mr. SPRECKELS. I do not think I quite understand what you mean.

Mr. FORDNEY. You are in favor of the abolition of duty on sugar. Would not the refineries be the greatest beneficiaries of such a change of law?

Mr. SPRECKELS. I do not think they would be benefited any more. I do not think they would gain or lose.

Mr. FORDNEY. You stated a while ago that the sugar trust, or the individuals of that concern, were benefited by the tariff.

Mr. SPRECKELS. I did.

Mr. FORDNEY. Then you are benefited, because you are a heavy stockholder in the American Sugar Refining Company.

Mr. SPRECKELS. I am a "has been." I am no longer a stockholder in that concern.

Mr. FORDNEY. I remember that it was stated a year ago that you were one of the heaviest stockholders.

Mr. SPRECKELS. I was, but I am no longer a stockholder.

Mr. FORDNEY. According to the statement of the sugar beet men, the abolition of the duties on sugar would be destructive to them. It would be absolutely ruinous to their interests, would it not, if they are correct in their statements?

Mr. SPRECKELS. If you say the Michigan people; yes. That is true, according to the testimony which you have heard. I think, however, there is other testimony that you have not heard. The people who produce sugar at 2½ cents a pound are not coming here to tell you that they want a reduction.

Mr. FORDNEY. I never knew of any one who wanted a reduction.

Mr. SPRECKELS. I want all I can get. If you keep on you will be encouraging the production of sugar in Alaska, because it pays so well.

Mr. FORDNEY. Don't you think it would be better for us to produce all the sugar in the United States that we need, rather than to buy it from the foreigner, and, by producing it ourselves, to give American people employment?

Mr. SPRECKELS. Yes; if you raise the sugar in the proper climate. Sugar should be grown in tropical climates. About 25 per cent of all of the beet sugar is raised by, and the fields are cultivated by, Asiatic labor.

Mr. FORDNEY. The cane sugar?

Mr. SPRECKELS. No, sir; the beet sugar. Twenty-five per cent of all of the beets raised in the beet fields of this country is cultivated by Asiatic labor.

Mr. FORDNEY. Unless the consumer would receive the benefit of the reduction of the duty, it would not be wise to change, would it?

Mr. SPRECKELS. But the consumer would receive the benefit of it.

Mr. FORDNEY. He did not receive it in the case of the Cuban reciprocity, did he?

Mr. SPRECKELS. I think that at times he did and at times he did not.

Mr. FORDNEY. Well, give us the difference between the "did" and the "did not."

Mr. SPRECKELS. Well, I will answer the question by saying that what I mean is that sometimes we got the full benefit of the Cuban tariff and sometimes we did not. When we got the full differentials the public got it.

Mr. CRUMPACKER. I would like to know why it is that the Louisiana sugar raisers sell their product to the sugar trust at a lower rate than the cost of foreign sugar.

Mr. SPRECKELS. I do not know, but I suppose it is because they love them so.

Mr. CRUMPACKER. Do the Louisiana sugar growers decline to sell to your refinery at all?

Mr. Spreckels. They do.

Mr. Crumpacker. Even though you were willing to pay the current rate?

Mr. Spreckels. Yes, sir.

Mr. Crumpacker. And possibly even pay more than those rates?

Mr. Spreckels. I am sorry to say that that is true. I wanted to bring a photograph of one of the mills. We were willing to give a little above the current rate, but we were unable to secure those sugars against the trust.

Mr. Crumpacker. What are the relations between the Louisiana sugar growers and the trust?

Mr. Spreckels. I could not say. The relations of the trust are very extensive.

Mr. Crumpacker. How are those sugars sold?

Mr. Spreckels. They are sold in the open market.

Mr. Crumpacker. And they would not sell to your refinery, even though you offered more than the trust?

Mr. Spreckels. They would not.

Mr. Crumpacker. Is that same thing true respecting the Hawaiian sugars?

Mr. Spreckels. It is.

Mr. Crumpacker. Do you have a contract with the Hawaiian sugar growers?

Mr. Spreckels. We have. Generally for the past three years it has been three-eights of a cent a pound less than the New York price.

Mr. Crumpacker. Have you tried to break into their market?

Mr. Spreckels. I have. I tried to trade with them, but I could not.

Mr. Crumpacker. Are the stockholders of the so-called sugar trust interested in growing cane sugar?

Mr. Spreckels. Not as a company.

Mr. Crumpacker. Are the individual stockholders so interested?

Mr. Spreckels. I believe they are.

Mr. Crumpacker. They are interested in sugar growing in Hawaii and in Louisiana?

Mr. Spreckels. Yes, sir.

Mr. Crumpacker. You are not aware of any business reasons why the Louisiana sugar grower should refuse to sell to your company at the same rate or at better rates than they sell their product to the trust?

Mr. Spreckels. No, sir.

Mr. Crumpacker. You stated that the sugar trust practically absorbed all of the differential that is granted by reciprocity to the growers in Cuba. How does it manage to absorb that differential?

Mr. Spreckels. I do not think it requires any special management. When the crop comes on to the market it comes on too rapidly—that is, it comes too much at a time. It is regulated by supply and demand, as I stated before, but the Cuban planter wants to sell and is anxious to realize, and so much so that he is willing to take off the differential.

Mr. Crumpacker. Why don't you get the benefit of that?

Mr. Spreckels. We do.

Mr. Crumpacker. You get your percentage of the differential?

Mr. Spreckels. We do.

Mr. CRUMPACKER. So that at periods when there are importations from Cuba the price of sugar goes down, and in order to make a quick sale they will let it go at these prices?

Mr. SPRECKELS. Oh, yes; they will knock off that differential, and sometimes a little more.

Mr. CRUMPACKER. So that the American Sugar Refining Company in that respect operates as a speculator?

Mr. SPRECKELS. Precisely.

Mr. FORDNEY. You stated a moment ago that you would be able to refine if the differential on refined sugar was cut down to 14 cents per hundred.

Mr. SPRECKELS. If the tariff be taken off raw sugar, I am willing that the tariff on the refined shall be taken off also.

Mr. FORDNEY. I understood you to say that it would be $1.68½ per hundred on bulk or raw sugar coming into this country?

Mr. SPRECKELS. Yes, sir.

Mr. FORDNEY. And on refined it would be $1.95 per hundred, leaving the differential 26½ cents between the raw and the refined sugar?

Mr. SPRECKELS. Yes, sir.

Mr. FORDNEY. And the loss on refining would be equivalent to about 14 cents per hundred?

Mr. SPRECKELS. It is somewhat more than that. Assuming it is 4 cents a pound, that would be 28 cents per hundred pounds. If the price be 2 cents per pound, it would be one-half of that, or 14 cents.

Mr. FORDNEY. Assuming it is 14 cents per hundred, there would be a margin of 12½ cents per hundred pounds to pay the cost of refining. On the basis of 2 cents, it gives that much advantage over the foreigner?

Mr. SPRECKELS. Yes, sir.

Mr. FORDNEY. If the sugar costs 2 cents and the loss on refining is 28 cents, they would lose only 1½ cents.

Mr. SPRECKELS. We have been figuring on 12½ cents. You are dealing with 96 per cent sugar.

Mr. FORDNEY. I want to know how you work out that 12½ cents differential. There is only a difference between the raw and the refined sugars of 25 cents, and the difference for that must be compensated for in the price of the refined sugar. At 2 cents it is 14 cents and at 4 cents it is 28 cents, and that would leave only 1½ cents.

Mr. SPRECKELS. The duty is on sugar which is 100 per cent pure sugar, and it is $1.82½; that is, provided it is below 16, Dutch standard, as to whiteness. The difference between $1.82½ and $1.95 for the white is exactly 12½ cents. We deal with pure sugars.

Mr. CRUMPACKER. The mathematical difference between $1.68½ and $1.95 is 26½ cents. We have been informed that there is a cost or waste of 14 cents per hundred in refining. Taking that from the 26 cents leaves 12½ cents as the real differential or benefit or protection to the refiner.

Mr. SPRECKELS. That is the condition to-day.

Mr. CRUMPACKER. What would you say about taking off the 12½ cents and fixing the differential large enough to cover the waste in refining?

Mr. SPRECKELS. If the duty be taken off, and the price of sugar is 2 cents instead of 4 cents, it should be proportionately less.

Mr. CRUMPACKER. Yes.

Mr. SPRECKELS. It would be 4 per cent on 4 cents a pound sugars and 7 per cent on 2 cents a pound sugars. The difference is 14 cents. If the sugar is only 1 cent a pound, the loss is only 2 cents a pound.

Mr. CRUMPACKER. My idea is that the law be amended so as to cover the loss in the cost of refining, whatever it may be. That would put the American refiner upon the same footing as the foreign refiner.

Mr. SPRECKELS. I think he is entitled to some protection, for this reason——

Mr. CRUMPACKER. Let us hear your reason.

Mr. SPRECKELS. To cover the difference in the cost of labor.

Mr. FORDNEY. How about the sugar producer: Is he not entitled to some protection?

Mr. SPRECKELS. He is entitled to protection enough to cover the difference in the cost of labor.

Mr. CRUMPACKER. I want to know if the American Sugar Refining Company is at a disadvantage in refining as compared with the foreign refiner.

Mr. SPRECKELS. They are not.

Mr. CRUMPACKER. Are we refining sugar as cheaply as they are refining it in foreign countries?

Mr. SPRECKELS. Yes, sir.

Mr. CRUMPACKER. Then you do not need any aid in that direction?

Mr. SPRECKELS. We will take it if we can get it.

Mr. CRUMPACKER. That is an important concession. I am glad that you made it.

Mr. SPRECKELS. We do not need it.

Mr. CLARK. Do we export large quantities of preserved fruit?

Mr. SPRECKELS. No, sir.

Mr. CLARK. Mr. Fordney asked you a question about the saving to these people. These people get drawbacks, but usually they are the larger manufacturers, whereas the smaller ones do not?

Mr. SPRECKELS. The smaller ones would not be benefited.

Mr. CLARK. In that transaction we import the sugar, whereas the foreigner imports both the fruit and the sugar?

Mr. SPRECKELS. Yes, sir.

Mr. CLARK. The foreigner would not be in any better fix because he imports the fruit?

Mr. SPRECKELS. Yes, sir.

Mr. FORDNEY. Not if he pays labor the same?

Mr. SPRECKELS. No, sir.

Mr. NEEDHAM. Has your company invested in any sugar lands in Cuba?

Mr. SPRECKELS. No, sir.

Mr. NEEDHAM. Have your stockholders?

Mr. SPRECKELS. As an individual, I am so interested.

Mr. NEEDHAM. Are you largely interested as an individual in Cuba sugar lands?

Mr. SPRECKELS. No, sir; only in a small way.

Mr. NEEDHAM. What was the purpose of this investment down there?

Mr. SPRECKELS. It was a gamble; it was a speculation——

Mr. NEEDHAM. You hope for the annexation of Cuba?

Mr. SPRECKELS. Precisely. That is why I bought it.

Mr. NEEDHAM. Have not the sugar people generally throughout the country invested in the sugar lands in Cuba within the last few years?

Mr. SPRECKELS. Not as refiners.

Mr. NEEDHAM. Have not the refiners of the United States done so?

Mr. SPRECKELS. I can only speak for myself. I do not know what the others have done.

Mr. BOUTELL. In reference to the purchase of lands in Cuba, you stopped short in one of your answers, and I think you intended to say that you expected soon to do something. What was it?

Mr. SPRECKELS. I was going to say that I expect very soon to see annexation with Cuba.

Mr. BOUTELL. From your acquaintance, or as a matter of competent knowledge, how many other investors have made investments in Cuba on a similar basis?

Mr. SPRECKELS. That I can not say. I do not know. There have been some others who have thought just like I did.

Mr. BOUTELL. You would say there had been some others?

Mr. SPRECKELS. I would say so. I suppose they think as I do.

Mr. BOUTELL. The wish is usually father to the thought, so that in the case of Cuban annexation you take it for granted that similar methods have stimulated or fostered the acquirement of those sugar lands?

Mr. SPRECKELS. That is quite true.

Mr. CLARK. The reason that Louisiana produces raw sugar is because Louisiana is properly located climatically?

Mr. SPRECKELS. Yes, sir; the beet sugar factories are not properly located. They should take their mills and move them to some other place.

(At this point the committee took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
Tuesday, November 17, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF MR. G. W. SWINK, OF ROCKY FORD, COLO.

Mr. SWINK. Mr. Chairman and gentlemen of the committee, I am a little bit hard of hearing, and you will have to bear somewhat with me, and, further, I am not much of a public speaker, and what I have to say I want to say purely and simply from the farmer's standpoint, not from that of any manufacturer or anything of the kind.

I have the honor to represent a large farming community, and in our country we depend solely on irrigation for raising the crops and improving the country. I do not know but what I had better first take up our irrigation systems. When I went to that country, in 1871, there were very few irrigation ditches built. Since that time we had some progress, up to along about 1884, and on up to about the time of the introduction of the sugar beet industry. I commenced,

in 1884, to try to demonstrate what could grow best in that country, and I found that almost all kinds of vine crops, root crops, and such as that, did about the best. A little later on in our experimenting I found that the sugar beet was well adapted to that country, and I commenced to investigate the growing of sugar beets, and I continued on from year to year until we got a sugar plant.

Now to go back to the irrigation, somewhat; as I stated, in the early days we had but very few irrigation ditches. To-day we have 1,088 irrigation systems. That means main canals, reservoirs, and pumping plants. Those 1,088 irrigation systems have 1,902 miles of main lines of canals, that is the main lines carrying water. The most of them are out of the Arkansas River, and some of them from its tributaries. This country that I speak of is only one district, that is the southeastern district of Colorado. We have five districts in our State, and our Arkansas Valley district represents nearly one-third of the irrigated lands of the State. There is one district that irrigates more than we do. Then we have 14 reservoirs that have a storage capacity of 419,743 acre-feet. Some of you may not understand that, but that is a foot deep and that many acres of water. The 1,088 irrigation systems irrigate 376,734 acres of land, and in that area we have 6,480 farmers irrigating from those canals, which makes an average of about 40 acres to the farm. I will state there that we have found that our best interest is to have smaller farms and better cultivation, and we have worked along that line, and we find that there is more money to the farmer in small farms and thorough irrigation and thorough cultivation than in large farming.

In that neighborhood that I represent we have six sugar plants—that is, six in Colorado—and one in western Kansas. Those sugar plants paid to the farmers last year over $3,000,000. That was paid for the beets grown in the vicinity in a radius up and down the valley of about 200 miles. For labor to run the plants we paid out something over $1,000,000. For coal we paid out $350,000 and for limestone $225,000. We paid out a large amount for coke also. I did not get just the data of that; I do not know just how much there was of that. We paid to the railroad company—one plant did—over $300,000 for transportation of coal, coke, stone, and sugar, and that class of articles. We have nothing that concerns the prosperity of our country, and that means so much to the farmer, as the sugar interest. All the money we get is earned, it is raised from the soil, and we have it, and it is not as if we were running a very large business and there was a good profit in it, and it went to somebody else outside of the country, some corporation or something of that kind; but where it is paid to the farmer it goes to all classes of business and enables us to use and reuse a great many times.

It is not only that; it goes to the merchant and business men of all classes, to stone men and coke men, and in fact it reaches every point of business, almost, in our State.

It may be said there is great profit in growing beets, which I admit. With good luck there is good profit to the farmer. There is nothing that is as staple, nothing that appears to be as satisfactory, as the growing of beets. We have other industries that may make larger returns, with all good luck, but they are more perishable. Our beet industry is one of the most hearty crops that we have. Hail may cut them off, but they will come right on again, provided they have

got a little size, and I have known them to be cut off the third time, and yet make a good crop; so that it shows that it is a very sure crop, and there is nothing that has helped us out in the settlement of that arid country as much as the sugar interest has. It has become a fact with our river, which we once thought would be inexhaustible for irrigation, that the mean flow of the river cuts but a small figure at this time. We have got to depend largely upon the flood waters, and upon reservoirs which catch the flood waters, for our irrigation. In order to make it possible to grow beets or to grow any crop under a system of reservoirs, it has got to be a crop from which there are large returns, because a system of reservoirs is expensive, very expensive to build and middling expensive to maintain, and the seepage and evaporation are great, which makes the water pretty costly. Without some crop which we can get large returns for, the building of reservoirs and the improvement of the country would practically stop. As you all know, we have a large area of country adapted to the growing of sugar beets. It simply depends upon the amount of water and the building of reservoirs and the storing of water, to reclaim any more country. It we lost our beet interest, I look upon it that it would be disastrous to us, because we would practically have to stop reclaiming any more of the country, because the water is too expensive for growing wheat, corn, oats, and barley, and that kind of stuff. The returns would not be great enough to justify it.

Mr. UNDERWOOD. Can not you grow alfalfa out there?

Mr. SWINK. Yes, sir.

Mr. UNDERWOOD. Is not that a very profitable crop?

Mr. SWINK. Yes, sir; the best crop we have got, as a rule, except the sugar beets. It is the next best paying crop we have got.

The CHAIRMAN. What does the farmer get for his beets there, at the factory?

Mr. SWINK. He gets $5 flat rate, and then the freight added. Now, I can not tell you just what the freight is, because the factory pays the freight. The farmer does not pay any freight. We get $5 delivered.

The CHAIRMAN. Then the farmer delivers the beets on board the cars?

Mr. SWINK. Yes, sir; on board the cars.

The CHAIRMAN. And he gets $5?

Mr. SWINK. Yes, sir.

The CHAIRMAN. Do you know what it costs to make a pound of sugar in those factories? What is the average cost per pound?

Mr. SWINK. No, sir; I do not.

The CHAIRMAN. You do not know anything about that part of it?

Mr. SWINK. No, sir; I do not know anything about any part of it, particularly, except growing the beets.

The CHAIRMAN. Is it profitable, raising beets at $5 a ton?

Mr. SWINK. Yes, sir; under anything like good ordinary circumstances it is practically the best crop we have got.

The CHAIRMAN. How many tons per acre can you produce?

Mr. SWINK. It varies very much. It varies all the way, you might say, from 8 tons to 30 tons. Eight tons would be very low and 30 tons is very high. The average in our neighborhood——

The CHAIRMAN. Do you know what the average per cent of sugar is in the beets?

Mr. SWINK. About 15 per cent. Some years it has been a little more and some years a little less, but that is the average per cent.

The CHAIRMAN. What is done with the molasses that is made in the making of sugar?

Mr. SWINK. I think it is all worked into sugar, except some refuse that goes to a feeding plant. There is a certain amount of refuse and sirup that goes to a feeding plant. What that is worth I could not tell you.

The CHAIRMAN. Do you know anything about the pulp?

Mr. SWINK. That is fed by the farmers, mostly. The pulp is sold to the farmers for about 25 cents a ton.

The CHAIRMAN. The farmer draws it away from the factory?

Mr. SWINK. Yes, sir; the farmer hauls it away, of course.

The CHAIRMAN. What other crops do you raise there?

Mr. SWINK. We raise some wheat, a very little corn, a good deal of oats, and vegetables. We raise a good many melons.

The CHAIRMAN. I was going to ask you whether they raised the Rocky Ford melon there, or whether that is confined to Florida and Georgia.

Mr. SWINK. No, sir; we are not going to give that up yet; as we were the introducers of that, we are going to hold it.

The CHAIRMAN. Is that a profitable crop?

Mr. SWINK. Yes, sir.

The CHAIRMAN. How does that compare with the beet crop for profit?

Mr. SWINK. If you have all good luck, it is better, and if you do not have good luck, it is not near as good.

The CHAIRMAN. What is that?

Mr. SWINK. If you have all good luck, it is a better crop, and if you do not have good luck, it is not as good. It is very perishable.

The CHAIRMAN. How does it average from year to year?

Mr. SWINK. It does not average as good.

The CHAIRMAN. It does not average as good?

Mr. SWINK. No, sir.

The CHAIRMAN. That is all I care to ask the witness.

Mr. CLARK. You started to tell what the average crop of beets was, but the chairman interrupted you. What is the average crop of beets out there to the acre?

The CHAIRMAN. He said from 8 tons to 30 tons.

Mr. CLARK. I know he said from 8 to 30 tons, but that is hardly any information at all. What is the average crop?

Mr. SWINK. About 14 to 15 tons.

Mr. CLARK. That is a good crop?

Mr. SWINK. Yes; under average cultivation.

Mr. CLARK. Fifteen tons is an average crop and $5 is an average price?

Mr. SWINK. Yes; about. Now, understand me, some years they do not reach that.

Mr. CLARK. Oh, I understand that.

Mr. SWINK. Average years it runs about that.

Mr. CLARK. What is the labor cost of raising an acre of beets?

Mr. SWINK. That varies right smart. That depends upon the kind of soil and the condition of the ground and season. Some seasons it

costs more than others, and at some times during the season it costs more than at others.

Mr. CLARK. What would it average? You have been at it thirty years.

Mr. SWINK. Yes, sir. It averages right along from about $30 to $35.

Mr. CLARK. How much does it cost to raise an acre of alfalfa?

Mr. SWINK. It does not cost near as much as to raise an acre of beets.

Mr. CLARK. How much does it cost?

Mr. SWINK. It costs to grow alfalfa what the water is worth and the expense of irrigation and the expense of cutting, and so on.

Mr. CLARK. How much does it amount to?

Mr. SWINK. That depends somewhat on circumstances.

Mr. CLARK. Of course it does.

Mr. SWINK. You have got to irrigate it.

Mr. CLARK. But you have been out there thirty years, and you seem to be a careful farmer, and you ought to know what the average is. What we are trying to get is information.

Mr. SWINK. Yes, sir; and I am glad you are. I will be glad to answer you.

Mr. CLARK. What does it cost to raise an acre of alfalfa, one year with another, in that stretch of 200 miles?

Mr. SWINK. Well, sir, it would cost to raise alfalfa, to grow it, ready to cut, probably about $4 an acre.

Mr. CLARK. Now, that is not the way to get at it. What you want to do is to put it on all fours with this proposition about putting your beets on the cars. How much will it cost to raise an acre of alfalfa and get it on the cars f. o. b.?

Mr. SWINK. I would have to figure that up a little.

Mr. CLARK. About what would it cost? You have an idea?

Mr. SWINK. It would cost, just at a guess, without figuring it up, I should think about $6.50 or $7.

The CHAIRMAN. How much will an acre of alfalfa bring, one year with another?

Mr. SWINK. I want to illustrate a little there.

Mr. CLARK. All right.

Mr. SWINK. On that sugar question, when we commenced our sugar industry alfalfa was rather a drug at $3 a ton in the stack. To-day it is worth $6 a ton in the stack.

Mr. CLARK. Yes.

Mr. SWINK. Now, the reason for that is that we have decreased our alfalfa area quite a little, and plowed it up and put it into beets, which has divided the crop. Another reason is that by the growing of beets we have increased our feeding interests. We are feeding thousands of sheep more than we fed then, thousands of cattle more than we fed then, and it is mainly on account of having our sugar industry to connect with that. Now, to give you an idea along that line, you take an old sheep. If any of you have been in the sheep business you know when they get about 6 years old they are counted "pelicans" and worthless sheep, and you take those sheep and with the alfalfa you can make good meat out of them when you can not do it with corn and hay.

Mr. CLARK. You do not eat those old sheep yourself out there, do you? You ship them into the cities?

Mr. SWINK. We do not eat near as many of them as you do. [Laughter.]

Mr. CLARK. You ship those old sheep to the cities, do you not?

Mr. SWINK. You bet we do.

Mr. CLARK. And sell them for spring lamb. About how many tons of alfalfa do you generally raise to the acre—what would be the average?

Mr. SWINK. The average is about 4 tons to the acre.

Mr. CLARK. How many crops do you cut? Is that for the whole crop?

Mr. SWINK. Yes; for the whole crop.

Mr. CLARK. That is for the year?

Mr. SWINK. For the year. Now, sometimes we only cut two crops. If we have not got plenty of water, we cut the crop short, but with plenty of water and a good season we sometimes cut four crops. But the average is about three crops.

Mr. CLARK. Do you ship alfalfa out of that valley or do you try to consume it all there?

Mr. SWINK. Almost all of it is consumed there. We used to ship it.

Mr. CLARK. You get 4 tons to the acre?

Mr. SWINK. Yes.

Mr. CLARK. At an average of $6 or $7 a ton?

Mr. SWINK. Yes.

Mr. CLARK. That makes $24?

Mr. SWINK. Yes.

Mr. CLARK. And your labor costs $3.50?

Mr. SWINK. Yes; that is, $3.50 to get it ready to cut. Then you have got to cut it and put it up.

Mr. CLARK. What would it cost to cut it and put it up?

Mr. SWINK. It costs you 75 cents a ton to cut it and put it up.

Mr. CLARK. To cut it and put it up?

Mr. SWINK. Yes.

Mr. CLARK. That is $3 more per acre, then?

Mr. SWINK. Yes.

Mr. CLARK. That pulls it down to $17.50?

Mr. SWINK. Yes; that is about it.

Mr. CLARK. Now, you get $75 for an acre of beets?

Mr. SWINK. Yes.

Mr. CLARK. And $35 is a very liberal estimate for labor, and that makes $40 profit?

Mr. SWINK. Yes.

Mr. CLARK. Do you raise any other crop that is as good as the alfalfa crop besides the beet crop?

Mr. SWINK. Not unless we have a cantaloupe crop, and we have all good luck, and that beats anything yet.

Mr. CLARK. That is a very uncertain crop?

Mr. SWINK. Very uncertain; it is very perishable.

Mr. CLARK. And there are so many competitors in the market now?

Mr. SWINK. Yes.

Mr. RANDELL. When you speak of putting up the alfalfa, and say that it costs you 75 cents to put up the alfalfa, is that in the stack or bales?

Mr. SWINK. In the stack. We always put it in the stack first, and sometimes afterwards bale it, but we do not bale it very much. It is nearly all fed there.

The CHAIRMAN. Are there any other questions from the committee? Is there anything else you desire to say, Mr. Swink?

Mr. SWINK. Yes, sir; I want to say some more here. I want to dwell a little more on what this is to our country. I want to say this: I have been there a long while, and I have taken lots of interest in trying to improve that country. I have tried pretty near everything we could try, and there has been nothing so successful as the growing of beets. There is nothing that is any more certain. A man who has not a dollar can buy a piece of land, go in debt for it, with an assurance that he can pay for it; more so than almost anything else. I know that by practical experience. I have sold, myself, to sugar beet people coming there to settle a number of pieces of land at good prices, fair prices, and they have paid it off. Now, to give you an idea how that is worked, and the success with which it is worked, especially since we have had the sugar interest there, I had occasion to call to mind all the small tracts of land I had sold, because I had to make out some water rights to them, and out of all the lands that I had sold there were only 3 per cent of the purchasers that paid a dollar down, and there were only 7 per cent of that which ever fell back to me. They all paid out on their land. So that shows that it has been for the interest of our farmers. They could not pay the price for the land and pay out on it unless it was to their interest.

Now, another thing. It has induced the building of railroads. You take from Hawley to Rocky Ford, a distance of over 100 miles, the Santa Fe has built a railroad, paralleled herself 12 miles, so as to accommodate the people and ship their beets to and from their different factories all along the line, and it has opened up the country, and they are also extending their lines, which probably they would not do, and will not do if there is anything to hinder our beet interests, so that we could not go ahead in the business.

Mr. RANDELL. What is the market value of that land?

Mr. SWINK. The market value is about 100 per cent higher than it was when our sugar industry was introduced.

Mr. RANDELL. What is it now?

Mr. SWINK. The value of land to-day varies very much. That depends upon what ditch it is under, the management of the canal, the lay of the land, the product of the land, and the management of the different canals. It is a fact that the value of our land is practically in the water. We have any amount of government land all over the country there that is just as good land as other land, but if there is no water on it it is valueless.

Mr. RANDELL. When under irrigation, what will it average in price?

Mr. SWINK. It will run all the way from $50 to $300 an acre. Land from which you have got to haul beets, say three or four or five miles, is not near as high-priced as it is closer. The closer you get to a beet dump or a railroad the higher the price of land is. Fifty dol-

lars is the price of the land where they have got to haul the beets, say two or three or four miles, to a station, and the high-priced land is land that is near a town, that they grow small stuff on, mostly.

Mr. CLARK. Is it generally supposed that you can grow beets successfully on any land in Colorado that you can get water on?

Mr. SWINK. Yes; you can grow beets successfully on any land except what is called dobe land; that is a stiff, heavy land that is very hard to work, and it is hard to water, and when you get it wet once it gets very hard.

Mr. CLARK. Just roughly, what portion of the lands in Colorado could be utilized for raising beets if you could get water on to it; one-fourth?

Mr. SWINK. Yes, I think so; more than that, probably.

Mr. CLARK. One-third?

Mr. SWINK. Yes; I should think probably one-third. I do not know just the area of the mountain country. Of course, in the mountain country we could not grow them. When you get up to an altitude of 6,000, 7,000, or 8,000 feet, that is too high. Eight thousand feet would be too high, and 7,000 feet, probably.

Mr. CLARK. The water in Colorado is not sufficient to irrigate the lands, is it?

Mr. SWINK. No, sir.

Mr. CLARK. Down in the Arkansas Valley part of it you have utilized about all the water that is available now?

Mr. SWINK. All the mean flow of the river; yes, sir. But, as I stated before, the only thing we can do is to store it up, and we are doing it now.

Mr. CLARK. How much do they expect to increase the area of farming lands, if you can use that phrase, by this impounding of the waters?

Mr. SWINK. I think it would be safe to say that if we have the proper protection and proper management you might say it would be increased 50 per cent, maybe 100 per cent; that is, it might be doubled.

Mr. CLARK. Do you raise any fruit in that valley?

Mr. SWINK. Yes, sir.

Mr. CLARK. How does the fruit crop compare with this beet crop?

Mr. SWINK. In places it pays, I think, better. That is a crop that does very well in some places in Colorado, but in other places it does not do well at all.

Mr. CLARK. Is the fruit crop anything like as certain a crop as the beet crop?

Mr. SWINK. No; I do not think it is. It is not in our country. But there are some places in Colorado where it is pretty near a success every year.

Mr. CLARK. Does frost interfere with your fruit crop down in the Arkansas Valley?

Mr. SWINK. Yes; we have lost our entire crop the two last years. It is the first time we ever lost our entire crop, and there have been two total failures of the fruit crop. That is something that never happened before.

Mr. CLARK. I would like to ask you one question more. Suppose they cut down this tariff 50 per cent on sugar, do you think that

would put your neighborhood out of the business of raising sugar beets?

Mr. SWINK. I can not tell you whether it would or not.

Mr. CLARK. What do you think about it?

Mr. SWINK. I think anything that would discourage capital for putting in plants would work very much against our country.

Mr. CLARK. I know, but that was not what I asked you. I asked you if it would stop you people from this industry of raising sugar beets?

Mr. SWINK. I think that would just depend upon what the plants did. If the supar plants should throw the burden of the decline on to the farmer, I think we would have to quit business, but if it did not we might go ahead. As a rule capitalists take care of did. If the sugar plants should throw the burden of the decline of sugar they might take it all off of the farmer, and if they did, I think we would have to quit business.

Mr. CLARK. That 50 cents on a hundred pounds would cut the price of your beets down from about $5 a ton to about $4, would it not?

Mr. SWINK. That is about it.

Mr. CLARK. That would still leave you a profit of $25 an acre on your beet raising?

Mr. SWINK. It would, with all good luck. If we had a poor yield, which we have sometimes, it would cut it down so that there would be nothing in it; but with all good luck, it would still, I think, show a profit; yes, sir.

Mr. FORDNEY. As a guaranty to the industry, you would rather see the duty raised instead of lowered, would you not?

Mr. SWINK. See it raised?

Mr. FORDNEY. Yes; if we are going to make any difference, any change in the tariff, you would rather see it raised instead of lowered?

Mr. SWINK. From the farmer's standpoint, I would. I am always willing to play fair.

Mr. FORDNEY. Yes.

Mr. SWINK. From the farmer's standpoint, if the duty was raised, it would probably protect us and give us more; but I do not know about that; I can not tell, because, as I understand it, we are subject to what you call monopolies—that is, combines. Whether it would figure out to our interest or to somebody else's interest, I do not know about that.

Mr. FORDNEY. If retaining the present rate of duty or raising it would insure the continuation of the factories, it would then benefit the farmers, would it not?

Mr. SWINK. How is that?

Mr. FORDNEY. If retaining the present rate of duty, or even raising it, making it higher, would retain the factories, and permit them to continue in the industry, it would benefit the farmers, would it not?

Mr. SWINK. If they paid more for the beets, it would; yes, sir. [Laughter.] It would benefit the farmer. That is something you can not control.

Mr. FORDNEY. I agree with you.

Mr. HILL. Is the general sentiment of Colorado in favor of a protective tariff generally, or only on beets?

Mr. SWINK. Are the people of Colorado in favor of a protective tariff?

Mr. HILL. Generally?

Mr. SWINK. Generally they are, but I do not know as the last election showed it very well. [Laughter.]

Mr. LONGWORTH. You were a victim of the last election yourself, were you not, Senator?

Mr. SWINK. Yes; and I was just like the balance of them—I got left.

Mr. GRIGGS. You are not a Democrat?

Mr. SWINK. Pardon me?

Mr. GRIGGS. I do not mean to insult you at all; but I say, you are not a Democrat.

Mr. SWINK. Not a Democrat?

Mr. GRIGGS. Yes.

Mr. SWINK. I never have been. I have voted with the Republican party ever since its organization.

Mr. GRIGGS. You mean in Colorado? Yes; I understand. We have got some good citizens in Colorado.

Mr. SWINK. You bet we have; a whole lot of them.

The CHAIRMAN. Are there any further questions to be asked of Mr. Swink? Have you anything further to offer, Mr. Swink?

Mr. SWINK. Now, I would just like to say this in conclusion: That as I look at it, anything that would tend toward lowering the price of sugar might have something to do with stopping the building up of manufactures in our State. To stop the industry where it is would mean to stop building reservoirs or any more ditches or improving any more land. With the present condition of things I think our people are perfectly satisfied, and we are getting along nicely. We have gotten along better than we ever did since I have been in the country, and we are perfectly willing to let well enough alone. That is about all I want to say on the subject.

Mr. CLARK. The people of Colorado do not expect any more unusual profits by reason of the bounty given by the Government than other good agricultural States have, do they?

Mr. SWINK. No; I do not think so.

Mr. CLARK. The profit to the farmer on beets now is about $40 an acre, is it not?

Mr. SWINK. Yes; that is you might say the extreme profit. It does not average that all the time.

Mr. CLARK. You stated that the cost of labor was $35 and the average crop was 14 or 15 tons, and the average price was $5. That would make the price for an acre of beets $75, less the labor cost, $35, which would give $40 to the owner of the land or the producer.

Mr. SWINK. That is, as I stated, with good luck. But sometimes you have got to plant it over, and quite often you have got to do it, which reduces the price to the farmer. He has got losses to contend with.

Mr. CLARK. Outside of melons and truck gardening, which is dependent on the location of the farm close to a railroad center or a big city, alfalfa is your next best crop?

Mr. SWINK. Yes, sir; alfalfa is practically our next best, surest crop to-day, at the present price.

Mr. CLARK. And that pays you a net profit of about $17 or $18 an acre?

Mr. SWINK. Hardly that. But there is another point right in there. Supposing we quit growing beets and we go back to alfalfa; we are going to produce so much alfalfa that we will get just where we did before.

Mr. CLARK. What I wanted to do is to make a comparison. How much per acre can the wheat grower make? What is the profit to the owner of the land after you deduct the cost of raising wheat?

Mr. SWINK. A great deal of our ground is rented ground, to the farmer, and the man who does the work—the farmer—makes more than the landlord.

Mr. CLARK. But after you deduct the price of labor does the owner, the landlord of the land, make as much as $20 an acre on wheat?

Mr. SWINK. Deducting the price of the labor?

Mr. CLARK. If you deduct the price of the labor, is the net profit to the owner of the land or the landlord as much as $20 an acre on wheat?

Mr. SWINK. I think it is right in the neighborhood of $20.

Mr. CLARK. Then the farmers of this country who are making $20 net as the result of their crops are making the average profit, the average success, of the farm interests in the country, are they not?

Mr. SWINK. Yes, I think so; about that.

Mr. CLARK. Then on beets, by reason of the protective tariff, you are making very largely in excess of the average return—the net profit—of the average farmer in the country, are you not?

Mr. SWINK. On which; the beet interest?

Mr. CLARK. Yes.

Mr. SWINK. Yes; because there is no other farming which pays as well as that.

Mr. CLARK. Then if for any reason the price of beets or of beet sugar is reduced so that the profit in raising beets is reduced down to $20 an acre, you would still go on raising beets, would you not?

Mr. SWINK. I do not know whether we would or not?

Mr. CLARK. Would not that be as profitable as any other crop, at $20 an acre?

Mr. SWINK. You might; but it would make a good deal of difference whether you had to grow $4 beets or $5 beets.

Mr. CLARK. I understand it would make a difference, but you would still go on raising them at a net profit of $20? It would still be as good as any other crop?

Mr. SWINK. I could not say whether it would or not.

Mr. CLARK. That is all.

Mr. FORDNEY. Did your land bring $300 an acre before you began to raise beets?

Mr. SWINK. Three hundred dollars?

Mr. FORDNEY. Yes. You stated that the highest priced land was $300 an acre.

Mr. SWINK. No, sir. The highest priced land I know of when we commenced to raise beets around there was $100 an acre. But I can not say that the raising of beets increased the land $200 an acre. It was only by building up our towns, and it is the small tracts of land around the towns that are so high priced. That is where the high-

priced land is. But out in the country it has increased the land about 100 per cent.

Mr. GRIGGS. Was that the highest priced land—$100 an acre?

Mr. SWINK. One hundred dollars an acre was the highest price before we commenced our sugar beet raising.

Mr. FORDNEY. Your alfalfa crop would not bring you a fair rate of interest on your $300 an acre land?

Mr. SWINK. No, sir.

Mr. FORDNEY. Nothing but the beets you grow would do that?

Mr. SWINK. No.

Mr. LONGWORTH. Has the petition for the admission of Philippine sugar free retarded the growth of the sugar refineries in your country? Have there been any factories proposed that have been abandoned because of the danger of the admission of Philippine sugar free, to your knowledge?

Mr. SWINK. I do not know to what extent that might retard it, because I do not think there has been any sugar plant put up since it has been talked of, putting Philippine sugar on the free list.

Mr. LONGWORTH. No factories have been erected for how long a time in Colorado?

Mr. SWINK. That is only two years.

Mr. LONGWORTH. Since two years ago?

Mr. SWINK. Yes.

Mr. CLARK. Did they not move a factory from Michigan to Colorado within less than two years?

Mr. SWINK. Well, that was two years ago, I think.

Mr. FORDNEY. It was over two years ago.

Mr. CLARK. You have been a farmer all your life, have you not?

Mr. SWINK. Yes, sir.

Mr. CLARK. Where did you live and farm before you went to Colorado?

Mr. SWINK. In Illinois.

Mr. CLARK. That is a pretty good farming section, is it not?

Mr. SWINK. Yes, sir.

Mr. CLARK. What would be the average corn crop in Illinois?

Mr. SWINK. The average corn crop?

Mr. CLARK. Yes. What part of Illinois did you come from?

Mr. SWINK. The central part, Putnam and Schuyler.

Mr. CLARK. That is a good part of the State.

Mr. SWINK. Yes.

Mr. CLARK. What would be the average corn crop in that part of Illinois?

Mr. SWINK. With favorable conditions, if we got an average of 50 bushels of corn it was a very fair average crop of corn.

Mr. CLARK. How much does it cost to raise an acre of corn?

Mr. SWINK. That depends on the season.

Mr. CLARK. There must be some kind of an average in Illinois. About how much do you think it would cost to raise an acre of corn in Illinois?

Mr. SWINK. That is pretty hard to answer, just what it would cost to raise it. You can state that it would cost to raise it one year, but it might cost more the next year.

Mr. CLARK. That is the reason I asked you that question.

Mr. SWINK. It is pretty hard to tell what the average would be.

Mr. Clark. About how much—$5. Could you raise an acre of corn for $5?

Mr. Swink. No; I do not believe we could, for $5.

Mr. Clark. For $6 or $7 or $10?

Mr. Swink. That depends a whole lot on your ground.

Mr. Clark. There is not an acre of corn in America that costs $10 to raise, is there, except where it is irrigated?

Mr. Calderhead. Oh, yes.

Mr. Clark. It does not cost that in Kansas.

Mr. Swink. I do not know that there is. I do not know that it would cost that.

Mr. Clark. Would $7.50 be a fair price?

Mr. Swink. You mean over and above the rent of the land?

Mr. Clark. Yes; I want you to answer that question now, if you can, just like you answered in regard to the cost of raising an acre of beets. I want to get at a comparison, if I can.

Mr. Swink. I am not as well prepared to answer that as I am the question in regard to the beets, from the fact that I am not there, and have not been, you see, for thirty-seven years, raising corn.

Mr. Clark. The average price of corn in the United States, one year with another, is not over 40 cents, is it?

Mr. Swink. That might be so; but I know it is more than that now, and has been for two years.

Mr. Clark. I know it is. It happens to be more than that now. What would you say was an average good price for corn, one year with another?

Mr. Swink. I think you are about right; 40 to 45 cents.

Mr. Clark. Say 45 cents, then.

Mr. Swink. It has sold from 45 to 50 cents. That is the way it generally runs; sometimes higher.

Mr. Clark. That makes $22.50 for an acre of corn, without taking out anything for raising it. If you count for raising it $7.50, which I think is a big price, that would leave only $15 an acre for the corn.

Mr. Swink. For the corn?

Mr. Clark. Yes; net profit.

Mr. Swink. Yes, sir.

Mr. Clark. Now, you are getting, according to your own statement a while ago, $40 an acre on these beets. You are getting $40 an acre on the beets and $15 profit on the corn in the best corn land in America.

Mr. Longworth. Can you not raise more acres of corn with a given amount of labor than you can of beets?

Mr. Clark. I know, but what I was trying to get him to state was the average cost of an acre of corn. He would not state it, so I stated it myself at a high price.

Mr. Longworth. The labor on the beets costs more.

Mr. Clark. But on the cost of raising an acre of beets out there you take into consideration this $5 or $10 an acre, whatever it may be, for watering. What I was trying to get at is the difference between the cost of raising an acre of corn and an acre of beets. If you take off this 50 cents per 100 pounds on sugar, as some suggest, it still leaves these beet men $25 an acre profit, and that is nearly twice as much profit as the corn raiser makes. The corn raiser is not here.

Now, how much wheat will you raise on an average per acre in Illinois or Iowa?

Mr. SWINK. Wheat?

Mr. CLARK. How much wheat will you raise on the average?

Mr. SWINK. That is pretty hard for me to answer now.

Mr. CLARK. If you have only a general idea, I can tell myself, but I am not the witness.

Mr. GRIGGS. You made preparation only to answer on beets, did you not?

Mr. SWINK. The wheat crop, I suppose, varies in Illinois just the same as it used to. It used to vary very much, all the way from nothing to an average crop, and the average crop, I think, would be something about 20 bushels, when I was farming.

Mr. CLARK. How much is a fair average price for wheat?

Mr. SWINK. About $1 a bushel.

Mr. CLARK. About $1 a bushel. That would be $20 an acre. How much does it cost to raise an acre of wheat and harvest it, cut it and thrash it and get it into the stacks, and on the cars, f. o. b.?

Mr. SWINK. That depends on the price of labor.

Mr. CLARK. But you know what the price of labor is. We all know out there.

Mr. SWINK. I do not know as we all know. Some pay more than others.

Mr. CLARK. Some of these gentlemen live in the cities, and they do not know anything about farming. You and I do.

Mr. SWINK. Yes.

Mr. CLARK. How much do you say it will cost to raise an acre of wheat and harvest it, thrash it, and put it in the stacks, and get it f. o. b. the cars?

Mr. SWINK. I would have to figure that up, and I do not know; offhand I would not like to answer.

Mr. CLARK. Would $5 be a plenty?

Mr. SWINK. I do not know about that.

Mr. CLARK. It costs about $2 an acre to get it in the ground, does it not?

Mr. SWINK. To get it where?

Mr. CLARK. To sow it.

Mr. SWINK. Two dollars an acre to sow it?

Mr. CLARK. Yes; to sow wheat.

Mr. SWINK. Two dollars an acre. I was figuring on the bushel. It might be.

Mr. CLARK. That would be a fair average?

Mr. SWINK. You mean to stack it and get it thrashed?

Mr. CLARK. No; I mean to plow the ground up and harrow it and sow the wheat.

Mr. SWINK. I did not understand you. Yes.

Mr. CLARK. Would $5 be a fair average cost of getting this acre of wheat on the cars?

Mr. SWINK. I should think so, probably.

Mr. CLARK. That leaves $15 to the wheat farmer per acre; and you are getting two and two-thirds times as much as the wheat farmer or the corn farmer. Does the hay crop pay as much out in that country as it does in Michigan and Ohio and Kansas and Illinois?

Mr. SWINK. How is that?

Mr. CLARK. Does the hay crop pay as well in the Central West, as we have gotten into the habit of calling it here lately, as the corn crop or wheat crop?

Mr. SWINK. I think that the hay crop would pay us better.

Mr. CLARK. I am not talking about Colorado. I am talking about Illinois, Iowa, and Missouri and Kansas, and that country.

Mr. SWINK. I suppose so. They appear to raise more of it, and if it did not pay they would not.

Mr. CLARK. Those are the three great crops there?

Mr. SWINK. Yes.

Mr. CLARK. And you get two and two-thirds times as much out of your beet crop as those farmers get out of theirs. Now, do you think there would be anything unfair in taking away $1 a ton on your beets?

Mr. SWINK. I think it would be a great hardship on us. I think it is a question whether our farmers would continue and take the chance on it.

Mr. CLARK. They could not grow anything else that would pay better?

Mr. SWINK. No; but it is the class of labor. It is a question whether they would not rather do something else.

Mr. FORDNEY. How would the cost of raising 40 acres of corn compare with the cost of raising 40 acres of beets?

Mr. SWINK. It is very different. One man could grow 40 acres of corn.

Mr. FORDNEY. He would not grow as many acres of beets, would he?

Mr. SWINK. You bet he would not.

Mr. FORDNEY. You have to have the same amount of labor whether you get a good or a bad crop of beets, do you not?

Mr. SWINK. One man can put in and cultivate about 20 acres of beets—that is, one man with a team; but he can not thin them nor he can not top them. He may haul them to market. About 20 acres, that is about what it takes.

Mr. RANDELL. How many acres do you cultivate in beets?

Mr. SWINK. On my different places I have about 200 acres, I think.

Mr. RANDELL. You have no connection with or no interest in any refinery?

Mr. SWINK. Sir?

Mr. RANDELL. You have no interest in any sugar-refining plant?

Mr. SWINK. Not a bit in the world. I have no interest in any plant, no stock in any plant, or no interest in anything but just growing the sugar beets to put on the cars. That is all the interest I have.

Mr. RANDELL. You have no interest in any irrigation plant?

Mr. SWINK. Oh, yes; I have. I have got stock. Our ditches are most of them run by companies, and they are stocked for so much, and the stock is owned by the farmers. They are cooperative companies in one sense of the word, while they are companies. But I do not own any ditch where I sell the water for a profit. I only own the ditches and irrigate the lands under the ditches.

Mr. RANDELL. The higher price you get for the beets the higher price you can sell your land for?

Mr. SWINK. Yes, sir.

Mr. LONGWORTH. What was the average yield in the Arkansas Valley this past year?

Mr. SWINK. In 1907 and 1908, you mean?
Mr. LONGWORTH. Yes; the crop that is now being gathered.
Mr. SWINK. The average yield?
Mr. LONGWORTH. Yes; in the Arkansas Valley.
Mr. SWINK. In the entire valley?
Mr. LONGWORTH. Yes.
Mr. SWINK. I am not sure about that, but I think the average yield was about 13 tons, the average for the valley. Some neighborhoods average more than others. Our neighborhood averages more, because we have got more good farmers.
Mr. LONGWORTH. It has not been a good year, has it?
Mr. SWINK. This last year would not average that. This is the worst year we ever did have.
Mr. LONGWORTH. Would it average more than 11 tons to the acre this year?
Mr. SWINK. That I could not tell, but my understanding is that they are not yielding as well this year as usual, on account of the frost last spring and the dry weather; but the crop is not harvested, and I could not tell you the yield this year. I only speak of the yield last year.
Mr. FORDNEY. The success of the beet sugar industry does not depend entirely on the crop in Colorado, as there are many factories in other States where conditions are much different from what they are where you raise beets by irrigation. In Wisconsin and Michigan the farmers must depend upon the elements for sunshine and rain where you, in irrigating countries, can give water to the beets when they need it, and you have sunshine all the time, so that the conditions which prevail there would not control the industry all over the United States, would they?
Mr. SWINK. No, sir; I do not think so. The conditions in the different localities are very much different. Even in an irrigation district they are very much different, of course.
Mr. FORDNEY. The industry could not survive alone in Colorado if it could not elsewhere—in other States?
Mr. SWINK. No, sir; I do not think so.
Mr. BOUTELL. What is the nature of the farm labor on the beet farms there? Do they have any trouble in getting labor?
Mr. SWINK. No, sir; we have not had much trouble. We employ some Japs—quite a good many—and Mexicans and some Indians in thinning the beets. The Mexicans and the Indians are down in New Mexico. We go down there about thinning time and bring them up, and they do the thinning and then go back. Some of the Japs stay there during the whole entire season and raise beets as well as thin beets. The thinning of them and the topping of the beets it is pretty hard to get our American fellows to do, and they prefer to hire the labor and pay for it.
Mr. LONGWORTH. What do you pay for that labor?
Mr. SWINK. What do we pay?
Mr. LONGWORTH. Yes.
Mr. SWINK. Where we pay by the day we pay them $1.50 a day, but most of them top by the acre. It costs $6.50 an acre to top the beets and $6.50 to $7 for thinning; that is, thinning and hoeing—one hoeing.
Mr. LONGWORTH. That is all.

STATEMENT OF MR. K. R. BABBITT, OF GARDEN CITY, KANS.

Mr. BABBITT. Mr. Chairman and gentlemen, I only desire to engage the attention of the committee for two or three minutes. I am here representing the United States Sugar and Land Company, a corporation which about three and a half years ago began operations and made its investments in western Kansas, in the two western counties in Kansas. It has perhaps there reached an actual investment of something over $3,000.000, represented by a sugar factory which cost approximately $1,000.000, by a large tract of land, and irrigation systems embracing something over 200 miles of main canals and main laterals and large storage reservoirs, and the company is owned entirely by individuals residing in Colorado and Kansas. Not a share of its stock is owned by any other interest or identified with any other branch of the sugar industry. The company is engaged in developing that part of Kansas by inviting tenants onto its lands, by offering them the opportunity of purchasing those lands on payments extending over a period of ten years, and generally endeavoring to work out the development of its own business and of that particular country.

There is no division of opinion among the directors or stockholders of that company as to the necessity of at least continuing the present protection which is afforded to their product. It is true that the farmers of that country, I believe, have shared, to a much greater extent than the owners of factories, in whatever profits there have been growing out of the industry. This company, as I said, has been operating for three and one-half years there and has paid one dividend. It has not paid anything like the prevailing interest rates on its investment, and it depends for its profits upon its ability to improve conditions of raising beets. Those conditions are improving. The farmers are learning how to raise beets and they are doing better. But, just incident to what has recently taken place before the committee, I desire to say that last year's crop, which embraced something between 8,000 and 10,000 acres, did not average the growers quite 10 tons per acre. Now, I think it is fair to say that in many of the years that is about what the average will be to the grower, and the figures stated to you, perhaps, are the figures obtained by Mr. Swink, who is undoubtedly the most experienced and accomplished beet raiser probably in Colorado, and located in one of the most favorable situations for the raising of beets in the United States, as we understand it. But I am simply here to say that I speak not more for this company than for the several thousands of men in those two counties in western Kansas who are very greatly interested and who have profited much more than the company by the introduction of this industry there, and there is no place anywhere, I am sure, which more fully presents the truth of what Mr. Saylor said before you yesterday as to the effect of this industry in a general revival of business conditions in that country. The lands have increased, undoubtedly, from 50 to 150 per cent since this industry was instituted there, and the farmers are taking very much more interest in the cultivation of their soil, and it has had the effect of introducing generally a much more skillful cultivation of the soil and a general revival of business and a change in the whole face of conditions in the country. I may say that this company, I know, is properly and ably managed, it has skillful men in every department and business

men at the head of it, and its profits have not been such as to be particularly inviting, and the only profit that can be worked out of it will come from an improvement of conditions there; and certainly any substantial reduction, from whatever cause, in the price of their product would result in an absolute destruction of that investment, so far as it is related to the beet industry. I thank you.

Mr. UNDERWOOD. You are not as favorably located for the beet sugar industry in Kansas as they are in California and Colorado and the arid country, are you?

Mr. BABBITT. As it was stated before, the best results, as I understand it—I can not speak as an expert—depend upon the supply of water. The character of the soil in western Kansas is, of course, very much the same as that in eastern Colorado. It is only 150 miles east of Rocky Ford; I think that is about the distance. The same general conditions prevail for a short distance over the line in Kansas as prevail generally in Colorado.

Mr. UNDERWOOD. You raise beets by irrigation?

Mr. BABBITT. Yes, sir; we have to do it entirely by irrigation. The waters that flow in the rivers during the year are not sufficient, and in order to insure crops it has been found necessary to have storage reservoirs. This has involved large investments, and those reservoirs are being installed all along. If I may be permitted to differ from Mr. Swink, I think there is water enough falls in Colorado to irrigate every acre of irrigable land. It is only a question of installing reservoirs, and they are being installed slowly.

Mr. UNDERWOOD. Where do you dispose of your product?

Mr. BABBITT. I understand mostly at Missouri River points.

Mr. UNDERWOOD. You do not come into competition with the eastern refiners at all?

Mr. BABBITT. I am sure I do not know whether we meet competition there, but that is where our market is, at Missouri River points. It has occurred to me in that connection that if beet sugar were not raised to supply that very large area of land in the Middle West the inhabitants of that land would have to pay a very much larger price for their sugar than they do now.

Mr. CLARK. The amount of sugar raised out there on your plantation does not affect the people of western Kansas very much, does it?

Mr. BABBITT. Of our individual industry?

Mr. CLARK. Yes.

Mr. BABBITT. Certainly not. That is on the basis of all beet sugar industries.

Mr. CLARK. Where do you get your storage waters from?

Mr. BABBITT. From the Arkansas River.

Mr. CLARK. I know, but where. Do you use water out of the river?

Mr. BABBITT. I beg your pardon?

Mr. CLARK. Do you use simply the water out of the river or do you have a reservoir somewhere?

Mr. BABBITT. We have both.

Mr. CLARK. Well, I asked you where the reservoir was, and you said you got your water out of the Arkansas River.

Mr. BABBITT. I certainly did not understand you. Our reservoir is situated probably 3 miles from the river, and water is taken to that reservoir in a ditch 15 miles long.

Mr. CLARK. You have been engaged in this enterprise three and a half years?

Mr. BABBITT. This particular company has been engaged in it for that time.

Mr. CLARK. How long have you been engaged in raising sugar beets in a commercial way in western Kansas?

Mr. BABBITT. I think that this is probably the first company that attempted to raise sugar beets in western Kansas. I am not advised that there are any others. It is just across the border from the Rocky Ford district in Colorado.

Mr. CLARK. You say there is water enough out there to irrigate all the irrigable land in Colorado?

Mr. BABBITT. I believe that water enough falls in the State, in those mountains, if it be conserved in reservoirs, to do that. Of course I can not prove it as a technical matter.

Mr. CLARK. Oh, of course; I understand that.

Mr. BABBITT. I believe that is the general idea, that it is only a question of storing the water that falls.

Mr. CLARK. By "irrigable land" you mean land that is topographically situated so as to make it profitable to irrigate?

Mr. BABBITT. I do.

Mr. CLARK. There was a statement in a newspaper here, I have forgotten what paper, but it was some large metropolitan paper, that on account of the small quantity of snow that fell out there they had a scarcity of water in the mountains and in the reservoirs. Is that true or not?

Mr. BABBITT. This year?

Mr. CLARK. Yes.

Mr. BABBITT. I can not speak with any great degree of authority on that this year, but I think if anyone goes out among the mountains in the Rocky Mountain Range any winter I have ever seen—and I have seen twenty of them—he will not be impressed with the scarcity of snow.

Mr. CLARK. That has been my experience.

STATEMENT OF MR. J. F. STILLMAN, OF NEW YORK CITY.

Mr. STILLMAN. I appear on the part of Arbuckle Brothers, New York, independent sugar refiners, to place on record our desire for lower duties. We think it is much better for the business as a whole to have lower duties.

I had no intention of appearing here except to say that, but several questions have been asked, and not answered, as to why the Louisiana people and the beet sugar people had to accept 50 cents a hundred less than the world's price for sugar. I say it was not necessary. It was to this extent. The inference was made that it was owing to the enmity of the sugar trust. I think this fact should be taken into account, that the beet sugar producers are trying to raise a crop that comes to fruition at a time when the distribution of the year is past, when several crops are coming in. The beet crop comes first, soon followed by the Louisiana crop, immediately followed by the Cuban crop. It comes in at a time, I say, when the distribution has gone by. Cane sugar, at any rate, and partly beet sugar, is a thing that should

be marketed promptly. It is not a crop that stands storage; and I think that if the committee will keep that in mind they will see why the people who raise these crops in immense quantities at a time when the distribution is past must accept almost any price they can get. That is the reason why they must do so.

Mr. HILL. Did I understand you to say that you are connected with Arbuckle Brothers?

Mr. STILLMAN. Yes, sir.

Mr. HILL. And I understood you to emphasize the fact that they they are an independent concern?

Mr. STILLMAN. Yes, sir.

Mr. HILL. How long have they been independent?

Mr. STILLMAN. Ever since there has been a sugar refinery.

Mr. HILL. Is there any agreement between the Arbuckle Brothers and the American Sugar Refining Company?

Mr STILLMAN. No, sir.

Mr. HILL. Has there been at any time?

Mr. STILLMAN. No, sir; not at any time. There has been constant war.

Mr. CLARK. You, together with several other witnesses, have testified that this sugar has to be sold right away; that these men who own the raw sugar can not hold it; that you can not store it. Does that apply to refined sugar as well as to raw sugar?

Mr. STILLMAN. No; refined sugar can be stored very much longer than raw sugar.

Mr. CLARK. That is what I could not understand. I could not understand why they had to sell and you did not have to sell.

Mr. STILLMAN. We do sell.

Mr. CLARK. But you do not sell all at once.

Mr. STILLMAN. We do not buy all at once. We have not any crop coming in to us in two months; that must be distributed over the year's consumption.

Mr. CLARK. That is what I was wondering about; that it had all to be disposed of at once.

Mr. STILLMAN. It does not always.

Mr. CLARK. How many months in the year do you buy this sugar; that is, how many months in the year is the actual market for raw sugar?

Mr. STILLMAN. We buy sugar all the year, all the time.

Mr. CLARK. Did you not state a while ago that the reason these men had to take what they could get for their sugar was on account of the deterioration of the sugar, and that they could not store it?

Mr. STILLMAN. Yes, sir. They have to do that because their crop comes into the market at a time when the main distribution of the year is past. The refiners buy all the time, according to their wants. They do not hold back and wait for this crop to come and then buy it.

Mr. CLARK. Yes; their crop comes in a different season?

Mr. STILLMAN. The beet crop of Europe comes in about the same time as the beet crop of America comes in. At the same time the crop of Java has come into port. It takes sixty days to bring that crop here. They begin in May to grind, and most of their sugar is shipped in the first part of July and the first of August, and it gets in here about the time that the domestic beet crop is coming on the market.

Mr. LONGWORTH. When do you get the crop from Louisiana?

Mr. STILLMAN. In October and November.

Mr. LONGWORTH. October and November?

Mr. STILLMAN. And December.

Mr. LONGWORTH. About the same time as the beet crop?

Mr. STILLMAN. About. I think it follows a little later.

Mr. McCALL. How much sugar does your company refine in the year, about?

Mr. STILLMAN. Oh, from 200,000 to 300,000 tons during the year.

Mr. FORDNEY. Did I understand you to say that you would favor abolishing all duty on sugar? I did not quite understand your first statement.

Mr. STILLMAN. If I thought only of our own business, I would advocate it.

Mr. FORDNEY. But if you thought of the United States Treasury you would not?

Mr. STILLMAN. I would not. If I thought of the welfare of the whole country, outside of the Treasury, I think I would.

Mr. FORDNEY. If you were thinking of the welfare of the beet and cane sugar producers of the country, you would not recommend it, would you?

Mr. STILLMAN. No, sir; I would not. If I thought of their welfare, I suppose I would make a prohibitive duty on all sugar.

Mr. FORDNEY. Do you believe the beet sugar industry could survive on free sugar?

Mr. STILLMAN. No, sir; I do not.

Mr. FORDNEY. Then, certainly, if we had free sugar, this $60,000,000 to $100,000,000 invested in that industry would perish?

Mr. STILLMAN. I think it would. I do not advocate no duty, or free sugar.

Mr. FORDNEY. Do you think that industry could stand any reduction in the present rates on raw sugar?

Mr. STILLMAN. What industry; the beet sugar industry?

Mr. FORDNEY. The beet sugar industry?

Mr. STILLMAN. I do not own any beet sugar interests, and the most I know is what I have heard here. I should judge by that it could.

Mr. FORDNEY. One gentleman, Mr. Carmen Smith, representing the Owasso Beet Sugar Company, stated yesterday that the profit of that company was but 29 cents a hundred pounds on their product last year. They could not stand very much reduction of duties, could they?

Mr. STILLMAN. Yes; they could, if they do the work right, as I understand it.

Mr. FORDNEY. In the first place, to do good work they would have to get the farmer to raise the beets at a less price?

Mr. STILLMAN. They want to do some missionary work in that direction; yes, sir.

Mr. FORDNEY. What is that?

Mr. STILLMAN. They want to do some work in that way, as well as reducing the cost of their own operations.

Mr. FORDNEY. In the first place, they must produce beets at a less price than they do now, and secondly they must get the sugar out at a less price?

Mr. STILLMAN. They must pay less for the beets and get more sugar out of them.

Mr. FORDNEY. And pay less for their labor?

Mr. STILLMAN. No; I do not think so.

Mr. FORDNEY. Labor enters largely into the cost of production.

Mr. STILLMAN. But that will be made up by the increased yield of the labor.

Mr. FORDNEY. Well, they are gradually improving. They do produce sugar at a little less price now than when the industry was first started in the country?

Mr. STILLMAN. I do not know the history of their business, but if they say they are improving, I am willing to believe they are. I do not know from my own knowledge.

Mr. FORDNEY. There is one thing certain; that if all the sugar we consume in this country were produced here, American labor would get much more out of it than they do now, would they not?

Mr. STILLMAN. I do not know whether they would or not.

Mr. FORDNEY. When it costs 50 cents a hundred pounds more to purchase raw sugar imported from a foreign country?

Mr. STILLMAN. I did not quite understand your question. You said American labor would get more out of it. Out of what?

Mr. FORDNEY. More pay out of the production of the sugar.

Mr. STILLMAN. The gross amount of money paid to the laborers of this country of course would be greater if all the sugar was raised in this country.

Mr. FORDNEY. Yes; the gross amount received by labor would be greater than at the present time.

Mr. STILLMAN. There is no doubt about that in my mind.

Mr. FORDNEY. Your idea of good labor conditions in the country is when labor is well employed and well paid, is it not?

Mr. STILLMAN. Yes.

Mr. FORDNEY. Then anything that is done by the Government in the way of placing a tariff on imported articles would be in the line of protecting American laborers against foreign laborers that receive less pay, would it not?

Mr. STILLMAN. If you will excuse me, I did not intend to deliver a political address, but I do not like the term "protecting American labor." I do not think American labor is protected. It seems to me it is rather degraded by the present process. When you look at those people coming into New York, I do not think they raise the quality of American labor a bit. I did not mean to raise a question of that kind.

Mr. FORDNEY. I was not trying to make a political speech. I could not do that if I tried.

Mr. STILLMAN. Neither can I .

Mr. FORDNEY. But one gentlemen, Mr. Baird, yesterday did say that the expert labor in producing sugar in some of the countries in Europe receives about one-seventh in dollars and cents what American labor receives for the same kind of labor in this country.

Mr. STILLMAN. Yes.

Mr. FORDNEY. And the duty on that sugar produced by that cheap labor abroad certainly must protect that labor here, must it not?

Mr. STILLMAN. If that is what you call protection of labor, yes.

Mr. FORDNEY. That is all.

Mr. STILLMAN. There are other things. I said if I considered the benefit to the whole country I would advocate free sugar. It is supposed that free sugar would increase other industries so much and enter so largely into the daily life and manufactures of the people that the benefit of it would be distributed throughout the country much more, I think, than the profits to a few, a comparatively few, beet sugar people.

Mr. CRUMPACKER. What is your company?

Mr. STILLMAN. Arbuckle Brothers.

Mr. CRUMPACKER. Does your company refine any Hawaiian sugar?

Mr. STILLMAN. No; we have not had any.

Mr. CRUMPACKER. Why do you not buy the Hawaiian product?

Mr. STILLMAN. We were offered, some time ago, an opportunity to buy some Hawaiian sugar by contract. I think that is the way that the business is done. The planters contract for their year's output. We did not want to bind ourselves to take cargoes of sugar that came into New York whenever they might come. The business is done in that way. They ship the sugar and the receivers here take it on arrival, no matter whether their refiners here are overloaded or not, and we did not want it on those terms.

Mr. CRUMPACKER. So that in selling that sugar they naturally or necessarily sell at a smaller price than the current price?

Mr. STILLMAN. We were offered that sugar at a smaller price; but we preferred to be free to buy when and where we wanted to.

Mr. CRUMPACKER. Do you refine any Louisiana sugar?

Mr. STILLMAN. Yes.

Mr. CRUMPACKER. Do you pay the same prices for Louisiana sugar that you do for other sugar in the market?

Mr. STILLMAN. Yes, sir; when we have to.

Mr. CRUMPACKER. Does the American Sugar Refining Company buy the bulk of the Louisiana product?

Mr. STILLMAN. I am not in their confidence. I do not know.

Mr. CRUMPACKER. Do you know whether they refine the bulk of it?

Mr. STILLMAN. I do not; not from my own knowledge.

Mr. CRUMPACKER. Has the American Sugar Refining Company a refinery in Louisiana?

Mr. STILLMAN. It is said so.

Mr. CRUMPACKER. Yes. Now, Mr. Stillman, in relation to the storing of sugar, is it not practicable to store raw sugar and keep it for a time?

Mr. STILLMAN. Yes, sir.

Mr. CRUMPACKER. How long can it be stored?

Mr. STILLMAN. As long as you like, if you prepare it right.

Mr. CRUMPACKER. Practically all Cuban sugar and Louisiana sugar goes to the New York market in a raw state?

Mr. STILLMAN. Yes.

Mr. CRUMPACKER. So that sugar may be stored indefinitely, for that matter?

Mr. STILLMAN. Yes; practically.

Mr. CRUMPACKER. But it comes, you say, in such quantities and at certain seasons of the year so as to make the price low?

Mr. STILLMAN. Yes, sir.

Mr. CRUMPACKER. The producer or the seller desires to dispose of it?

Mr. STILLMAN. He has to. Generally those people are in debt.

Mr. CRUMPACKER. Yes; that is the reason.

Mr. STILLMAN. That is the reason.

Mr. CRUMPACKER. Generally their financial condition is such that they need to sell the sugar?

Mr. STILLMAN. Yes; they need to sell it; not only need to, but must.

Mr. CRUMPACKER. And the refiners, of course, avail themselves of the opportunity to buy as cheaply as they can?

Mr. STILLMAN. Yes.

Mr. CRUMPACKER. And in a way take advantage of the necessities of the producers?

Mr. STILLMAN. Yes; we are mean enough to do that.

Mr. CRUMPACKER. Yes; that is not an unnatural thing. Now, about the differential on refined sugar. That is supposed to be 12½ cents?

Mr. STILLMAN. Twelve and a half cents.

Mr. CRUMPACKER. Could not that be abolished with entire safety to the American refineries?

Mr. STILLMAN. And keep up the present tariff on raw sugar?

Mr. CRUMPACKER. Yes.

Mr. STILLMAN. I do not think so.

Mr. CRUMPACKER. What difference does it make whether there is any tariff on raw sugar or not, in relation to this 12½ cents differential on refined sugar?

Mr. STILLMAN. I do not quite understand.

Mr. CRUMPACKER. I say, what effect does the other tariff have on the interest of the refiner?

Mr. STILLMAN. If the raw sugar is taxed and the refined sugar is not taxed, the refined sugar will come into the market and displace the raw sugar.

Mr. CRUMPACKER. The refined sugar would come into the market. If it were put on the free list, then the refined sugar would come to the market, would it not?

Mr. STILLMAN. If it were on the free list we would stand our chance.

Mr. CRUMPACKER. You would take your chances. Now, I do not understand the logic of your situation. You have a differential which in fact would cover the entire waste in the process of refining, in addition to this 12½ cents, have you not?

Mr. STILLMAN. No; I do not think we have.

Mr. CRUMPACKER. Suppose, for illustration, that a differential is granted sufficiently large to cover all the waste that results from the process of refining; you would not need any differential above that, would you?

Mr. STILLMAN. Why should we not have a differential to cover the additional cost of labor and all the other expenses?

Mr. CRUMPACKER. But if you have free sugar you do not ask any differential to cover the extra cost of labor?

Mr. STILLMAN. No. With free sugar the way we would make our profit would be by reason of the very large increased demand for our product—the very much increased consumption.

Mr. CRUMPACKER. Yes; but you would have to meet the same competition. The foreign refiner would avail himself of conditions, or he would be in a position to be benefited by the same conditions?

Mr. STILLMAN. Yes; he would.

Mr. CRUMPACKER. You would have the same competition, then?

Mr. STILLMAN. We would. We would have the same competition.

Mr. CRUMPACKER. With free sugar you think you can compete successfully with foreign refiners?

Mr. STILLMAN. I think we can.

Mr. CRUMPACKER. But with taxed sugar, notwithstanding——

Mr. STILLMAN. You understand, I am not advocating that; I am not saying that the abolition of the differential would not hurt. But I say if we could have free sugar, all free sugar, we would take our risk.

Mr. CRUMPACKER. Can the American refiners refine sugar as cheaply for the American market as foreign refiners can?

Mr. STILLMAN. I am not a foreign refiner. I do not know.

Mr. CRUMPACKER. Then you are not prepared to say whether this differential is necessary, are you?

Mr. STILLMAN. No.

Mr. CRUMPACKER. You are not contending that it is necessary, are you?

Mr. STILLMAN. No, sir; I have not gone into the subject of the foreign supply of refined sugar to the market.

Mr. CRUMPACKER. Then you are not contending that the differential is necessary for your protection?

Mr. STILLMAN. I do not know. I am not insisting that it is necessary.

Mr. CRUMPACKER. No.

Mr. STILLMAN. Because in many cases the actual test of a thing disproves the theory. Theoretically, it is necessary.

Mr. CRUMPACKER. Is your company interested in the Cuban sugar production?

Mr. STILLMAN. No; we are not producers, if you mean that. We are interested to the extent that we would like to see it increased.

Mr. CRUMPACKER. Your company has no sugar land there?

Mr. STILLMAN. No, sir.

Mr. CRUMPACKER. Do you know of any members, officers, or stockholders of your company who are so interested?

Mr. STILLMAN. This is not a company; it is a private firm, and the members of that partnership are not interested in——

Mr. CRUMPACKER. It is a copartnership. Do you know whether the copartners, any of them, are interested in the sugar plantations and sugar production of Cuba?

Mr. STILLMAN. No; they are not.

Mr. CRUMPACKER. They are not?

Mr. STILLMAN. No; I do not think they have a dollar's worth in Cuba.

Mr. FORDNEY. You say you are interested in seeing the production of Cuba increased. Would you rather see the production of Cuban sugar increased than to see the production of beet sugar in this country increased?

Mr. STILLMAN. I suppose you mean for the interests of my own business. I say, yes.

Mr. FORDNEY. No; for the masses of the people. You and I are both interested in the people of this country.

Mr. STILLMAN. No. As interested in the people of the United States, I would prefer to see the production of the United States increased, except in so far as the loss of production in Cuba brings a strain on our relations with Cuba that would in any way bring us under the danger of annexing Cuba to this country. I should hate to see that.

Mr. FORDNEY. You state that you feel that you ought to have that differential to protect you against the difference between the cost of labor abroad and the cost of labor here?

Mr. STILLMAN. I mentioned the cost of labor as one element.

Mr. FORDNEY. Do you not think that the beet sugar growers should have an equal amount of protection?

Mr. STILLMAN. I think they have more.

Mr. FORDNEY. What?

Mr. STILLMAN. I think they have much more.

Mr. FORDNEY. They ought to have it, ought they not?

Mr. STILLMAN. I am not objecting to giving them protection.

Mr. FORDNEY. What?

Mr. STILLMAN. I am not objecting to the protection of the beet sugar growers.

Mr. FORDNEY. But I thought you wanted a reduction, or free trade, on sugar.

Mr. STILLMAN. I said for our business.

Mr. FORDNEY. Oh, as a refiner?

Mr. STILLMAN. As a refiner.

Mr. FORDNEY. You are speaking from that standpoint and not in the interest of the masses of the people?

Mr. STILLMAN. I am speaking, as a refiner, of the interests of our business. I said as an American citizen I should like to see sugar free.

Mr. FORDNEY. A complete cessation of the production of either cane or beet sugar in this country, then, would increase your business as refiners?

Mr. STILLMAN. Yes, sir.

Mr. FORDNEY. And that is why you would like to have the difference in the tariff?

Mr. STILLMAN. That is why. I would like to increase our business.

Mr. FORDNEY. That is all I have to ask.

Mr. HILL. What is the consumption of sugar, per capita, in the United States, about?

Mr. STILLMAN. I would have to give you that from my memory of what is in Gray's Reports, and I think that is 77 pounds.

Mr. HILL. Seventy-seven pounds?

Mr. STILLMAN. Yes.

Mr. HILL. Do you have in mind the consumption, or the use of sugar in Great Britain, under free trade, per capita?

Mr. STILLMAN. I am under the impression it was something over 90 pounds.

Mr. HILL. Then your preference for free sugar would be because of its effect in developing other industries, besides the actual consumption, direct?

Mr. STILLMAN. Yes. I did not think I was suggesting any new idea to this committee. I think the committee is as well posted on these things as I am.

Mr. UNDERWOOD. It was testified here to-day that you could not store granulated sugar, or refined sugar—beet sugar. I want to ask you if water shipment of refined sugar has any effect on it.

Mr. STILLMAN. Any granulated sugar is hydroscopic.

Mr. UNDERWOOD. I did not hear you.

Mr. STILLMAN. I say it is hydroscopic. That is, it will absorb water, it will absorb moisture. If it is put anywhere where the moisture can penetrate the wood of the barrel, it will certainly not stand.

Mr. UNDERWOOD. Then it is more advantageous to refine sugar in this country than to refine it abroad and bring it here, is it not?

Mr. STILLMAN. By "abroad" do you mean the producing countries?

Mr. UNDERWOOD. I mean where it has got to stand water shipment to come into this country—at the seaboard.

Mr. STILLMAN. I doubt very much whether the water shipment from England, for instance, to this country would affect it.

Mr. UNDERWOOD. How about the water shipment from the Philippine Islands?

Mr. STILLMAN. They have not any sugar there to ship.

Mr. UNDERWOOD. I am asking you for information as to whether it does affect it.

Mr. STILLMAN. That would be a guess. It has never been tried, to my knowledge. We have shipped sugar from this country to Australia, and I presume it arrived there in good order, because the shipments were repeated.

Mr. UNDERWOOD. Then, in your judgment, shipment by water does not affect refined sugar?

Mr. STILLMAN. Not unless the moisture gets into the ship. It does not always get there. Iron ships sweat, and wooden ships do not—they are ventilated. The ships we shipped to Australia in were ventilated wooden ships.

Mr. POU. You spoke of the beet sugar people of the United States, and suggested the possibility of their getting a larger percentage of sugar out of the beets. Do you think that the percentage they get out now is not as great as it might be?

Mr. STILLMAN. Yes; that is my idea.

Mr. POU. How does the percentage that the refiners of America extract from the beets compare with the percentage that foreign refiners extract; do you know?

Mr. STILLMAN. I could only tell you that by reference to reports—Saylor's reports and Willett & Gray's reports. I am not sure. I think there is a very great difference, but I do not recall it. Those things are all on record.

Mr. POU. That is in favor of the foreign refiner?

Mr. STILLMAN. In favor of the foreign beet sugar.

Mr. POU. Do you know why it is that the Americans do not extract as large a percentage of the sugar from the beets as they might?

Mr. STILLMAN. I have understood it is an agricultural problem. They do not do their agricultural work in a scientific manner. They will probably learn some day. I have no doubt they will.

Mr. POU. That, of course, adds to the cost of producing the sugar?

Mr. STILLMAN. The increase of the percentage of outturn very much diminishes the cost.

Mr. POU. That is all.

Mr. HILL. Do you export any sugar?

Mr. STILLMAN. We do not, I think. I do not know where the sugar goes to when it leaves.

Mr. HILL. You could export and get a rebate of the import duties, could you not?

Mr. STILLMAN. I suppose so. We export sirup and get a rebate on that—a drawback.

Mr. RANDELL. You spoke of exporting to Australia, I believe.

Mr. STILLMAN. Yes.

Mr. RANDELL. What was the extent of those exports?

Mr. STILLMAN. They were not very heavy. We made shipments of a few hundred barrels.

Mr. RANDELL. In shipping sugar from this country to Australia, you had no protection of the tariff?

Mr. STILLMAN. No. We got the drawback, and it was much heavier than it is now. I do not think that business has been done of late years. I was speaking of the olden times.

Mr. RANDELL. How long ago was that?

Mr. STILLMAN. It was fifteen years ago, I think.

Mr. RANDELL. From whom did you get the drawback?

Mr. STILLMAN. From the United States Government; from the Treasury.

The CHAIRMAN. Are there any further questions? If not, that is all, Mr. Stillman. If there is anybody else who has information he desires to give to the committee, the committee would be glad to hear him.

Mr. CLARK. I would like to ask Mr. Hathaway two or three questions.

ADDITIONAL STATEMENT OF MR. F. R. HATHAWAY.

Mr. HATHAWAY. Mr. Chairman.

Mr. CLARK. I wanted to ask you one or two questions about something that there has not been a thing said about, except incidentally. When you were testifying the other day and were giving facts and figures as to costs and profits, and all that, you never anywhere took into consideration, or stated to the committee at least, what income or profit you have from the by-products of the beet sugar manufacture. I was very much interested in the matter, because I was up there once and talked to the men about it, and they were just beginning to try to do something about it.

Mr. HATHAWAY. Thank you, sir. All of the results obtained from the use of the by-products were taken into consideration, as far as we are concerned, when I gave you the cost of our production. Against the total expenses had been charged the receipts from by-products.

Mr. CLARK. I did not know whether you took that into consideration or not.

Mr. HATHAWAY. I did.

Mr. RANDELL. I want to ask a question, which I think is of some importance, of Mr. Spreckels.

The CHAIRMAN. I do not think he is present. He does not respond. If there is any other person who desires to be heard, the committee will hear him now. There does not appear to be anyone, and the committee will take a recess until to-morrow morning at 9.30.

(At 3.40 o'clock p. m. the committee adjourned until to-morrow, Wednesday, November 18, 1908, at 9.30 o'clock a. m.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

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COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

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JOSEPH H. GAINES.	EDWARD W. POU.
ROBERT W. BONYNGE.	CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Wednesday, November 18, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. The hearing to-day and to-morrow will embrace the agricultural schedule, and the clerk informs me that there are some 44 people who have registered their names with him asking to be heard. Of course there will be others who will appear before the hearing is ended. Therefore I would suggest that the gentlemen make their statements as concise as possible, doing full justice to the subject, and I almost feel like venturing to suggest to members of the committee to preserve the same rule.

We will hear Mr. E. F. Woodward, of Santa Rosa, Cal., chairman of the California commission, on the subject of citrus fruits.

STATEMENT OF MR. EDWARD F. WOODWARD, SANTA ROSA, CAL.

Mr. WOODWARD. Mr. Chairman and gentlemen of the committee, we desire to correspond to the suggestion of the chairman of the committee and be as brief as possible. I shall not intrude any personal remarks in what I may have to say, but simply read to you a page or two of the report which gives us the proper credentials to appear before you. This report has been prepared by a committee called together by the governor of California for the purpose of taking into consideration the various industries of our great State. [Reads:]

SAN FRANCISCO, *November 12, 1908.*

To the Ways and Means Committee of the House of Representatives and to the Committee on Finance of the Senate of the United States Congress:

Anticipating that the Congress would, at an early day, take up the subject of tariff revision and that the Ways and Means Committee of the House of Representatives would, shortly after the November elections, assemble to consider the subject, the governor of California early in August this year called together from all parts of the State representatives of the various industries likely to be affected by contemplated tariff legislation.

This call was largely responded to, the representatives meeting at San Francisco. A general committee was formed, composed in its personnel of persons directly interested as producers in the many and varied industries of the State. This general committee formed subcommittees to take up special subjects and report to the general committee. Many sessions have been held by these committees, both the general and special, and the subject has been given that consideration which its importance demanded.

This memorial to your honorable bodies has been prepared by the direction of the general committee and is designed to set forth briefly the conclusions reached and to embody the recommendations respectfully urged for your consideration and approval.

The recent election in the United States, in which the principle of protection to American industries was distinctly and unequivocally reaffirmed, justifies the

assumption, we think, that the revision of the tariff will be made with that principle constantly in view. The present tariff law is entitled "An act to provide revenue for the Government and to encourage the industries of the United States," and this title, we suppose, will also express the purpose of the revised law.

No State in the Union is more vitally concerned in the application of the principle of protection to articles of domestic production than is California. In every schedule of the act of 1897 will be found articles grown or produced in this State which will be more or less affected by any duty that may be placed upon like articles of foreign production. These are the output of our mines, our coal fields, our petroleum and bitumen deposits, our forests, our farms, orchards, and vineyards, our flocks of domestic animals, our dairies, our fisheries, and our factories.

Some of the schedules in which our interest is common with that of many States have not been specially considered by the committee, for the reason that no person appeared before the committee advocating any change and for the further reason that the industries involved concern more deeply other communities; with their judgment and their efforts in securing reasonable adjustment of duties we shall be content. The schedules which the committee has not considered are:

Schedule B, earths, earthenware, and glassware; Schedule C, metals, and

The question of olive oil will be presented to you by Mr. Johnson, of southern California, who is now in the city and will be present in a short time.

Schedule B, earths, earthenware, and glassware; Schedule C, metals, and manufactures of iron and steel; Schedule F, tobacco, and manufactures of: Schedule I, cotton manufactures; Schedule J, flax, hemp, and jute, and manufactures of; Schedule L, silk and silk goods; Schedule M, pulp, paper, and books.

The other schedules have had consideration in some of which many States are equally interested with us, while in others are included articles peculiar to California. It is to these last-mentioned schedules we more particularly address this memorial.

Now, Mr. Chairman, to mention what these schedules are to which we desire to address ourselves, I would say that they consist of Schedules D, wood and manufactures of wood; Schedule E, sugar, molasses, and manufactures of, which, we understand, was taken up yesterday; Schedule G, agricultural products and provisions, the fruit industry, citrus fruits, which will be presented to you by Mr. Call, of Corona, southern California, a large orange grower of that district. The subject of raisins will be presented by Mr. M. F. Tarpey, a gentleman who has some twelve hundred and twenty-five acres which he has cultivated, and olive oil by Mr. Johnson. Later, if you will be kind enough to give me an opportunity, I would like to say something on the question of hops; and also Mr. Klaber, who is here from Portland, Oreg., representing the States of Oregon and Washington, in which States the hop industry is a very large and important one.

Now, Mr. Chairman and gentlemen of the committee, with this brief statement I desire to file our exhibit.

(The exhibit submitted by Mr. Woodward follows:)

SCHEDULE D.

Wood and manufactures of wood.

California possesses the only redwood forests on this continent. Our mountains contain vast forests of sugar and yellow pine, fir, and spruce. The subcommittee upon this schedule will be personally

represented before the Ways and Means Committee and will present more fully the argument touching required duties to adequately protect the lumber industry. Some conception of the importance and magnitude of this industry may be formed from the following facts gleaned from the report made to the California general committee on tariff revision:

There are in the State, outside of government reservations, 2,360,000 acres of standing timber, with an estimated stumpage of eighty billions of feet. In 1907 the lumber output was fourteen hundred million feet. There is invested in mills and logging railways $16,000,000, and $1,650,000 in camp and logging equipments. Of $16,000,000 expenditures, 80 per cent was in labor. There is invested in the lumber coastwise vessels $30,000,000, and over two and three-quarter million dollars are expended annually in wages and one and three-quarter millions in supplies. This tonnage represents the entire coast tonnage north to Washington, but nearly all of it is controlled and 60 per cent is owned by California investors.

Schedule E.

Sugar, molasses, and manufactures of.

The beet sugar industry is one of great promise in California. In 1888 the first beet sugar was reported and the production was 1,910 short tons. In 1897 it had increased to 35,280 tons, and in 1906 to 94,285 tons. No specific report was made to the general committee upon this subject, as the manufacturing interests are to be fully and personally represented before your committees. The feature of the industry which, however, must not be overlooked, while considering the interests of the manufacturer, is the interest of the grower of beets. He has no means of knowing the profit to the manufacturer. The grower is receiving for his beets about $4.50 per ton at the factory, with a premium for excess per cent per ton of certain constituents of the beet. The grower is receiving but a fair profit under the most favorable conditions of soil and proximity to the factory.

We ask for such legislation upon this subject as will enable the factory to pay not less than present rates to the grower.

Schedule F.

Tobacco, and manufactures of.

The tobacco growing industry has not reached important proportions in this State, although cigars are extensively manufactured here. The subject has not been taken up by this committee.

Schedule G.

Agricultural products and provisions.

In nearly every item of this schedule from No. 218 to No. 272 the California farmer and orchardist are concerned. Many of these items are common to most of the States, but in some of them California has a peculiar and in others an exclusive interest. It is with these latter that this memorial will be more particularly concerned.

Fruit industry.

The dominant industry of California relating to the soil is now the fruit industry, and some of the most important of the fruits grown here have become possible through the fostering influence of a protective tariff, notably oranges and lemons, prunes, raisins, figs, nuts. and wines.

The combined shipments of our fruit products out of the State, principally to the American market, amount annually to over 90,000 carloads of 10 tons each, having an average value of $1,000 for each car, or $90,000,000.

Schedule G embraces a wide range of farm products. The reasonableness of the duties fixed by the act of 1897 upon competing farm products has not, so far as we can learn, been seriously questioned, and, with few exceptions, are no greater than by the acts of 1890 and 1894, and where an increase was given in the act of 1897 it was after full argument and upon convincing data, which still hold good.

The existing rates are by your memorialists strongly urged as just and reasonable. Where any changes are suggested they will be specially noted in this report, or will be personally presented by persons authorized to speak for the particular industry.

Citrus fruits.

Of the very large fruit industry of California which has in recent years become an important factor in supplying the American market, the citrus fruit stands at the head as a single product, amounting in value of output to nearly one-half of the total value of our fruit products, excluding the products of our vineyards. This special industry will be personally represented before your committees, and will not, therefore, be treated here at length. Citrus fruits are grown, in commercial quantities, as far north as Shasta County, quite extensively in Butte County and counties south to San Diego County, 843 miles south of Shasta County by rail.

There are between 9,000 and 10,000 individual growers of citrus fruits in the State, cultivating about 100,000 acres. We are now receiving a protection of 1 cent per pound duty upon foreign citrus fruits, which, in the opinion of our growers, can not be reduced without imperilling the success of the industry. Our principal competitor in lemons is Italy, and in oranges Italy and the West Indies; and Mexico, a near neighbor, may at any time become a strong competitor. In the countries named orchard labor ranges from 30 to 50 cents per day, while we pay $1.50 to $1.75 in California. There are special reasons why there should be an increase of one-half cent per pound on lemons, which will be fully shown to your committees by accredited representatives of that fruit. The report appended hereto presents the argument very fully.

Raisins.

The growth of the raisin industry in this State is a notable sample of the benefits to producer and consumer of a protective tariff. Before the California product appeared in the market in quantities foreign raisins had the entire trade. The price to the consumer was much

greater than now and the quantity consumed much less. Raisins are now so plentiful and cheap that the market takes from us 90,000,000 pounds annually, while consuming only an average for the past ten years of about six and one-half million pounds of the imported article. The duty is now 2½ cents per pound, which can not, with safety to the industry, be reduced.

Bearing particularly on the raisin industry is the importation of Zante currants, which in their practical use directly compete with raisins. Prior to 1897 the importations were very large. The act of 1890 placed Zante currants on the free list under a misapprehension that they did not compete with raisins and under the erroneous impression that they were not grapes. The necessity for placing a duty upon Zante currants became imperative if the raisin industry was to prosper and so, with all the facts before the Congress, a duty was imposed of 2 cents per pound—the raisin grower asking 2½ cents. There should be no diminution of the present rate. With a duty of 2 cents per pound as now upon "currants, Zante or others," the importation for the fiscal year 1907 amounted to over 38,000,000 pounds. What quantity of these was "Zante" and what "other" currants the available department reports do not disclose. From the other sources of information it would seem that most of these importations were Zante currants.

Plums and Prunes.

Prunes are a variety of plums which, when dried, are sweet and constitute the chief article of consumption of dried plums. They are, however, generally spoken of as prunes. It is not many years since the American market was wholly supplied from foreign countries. The prune-growing industry developed rapidly in its natural home here and, with 2 cents per pound duty upon the foreign product, has captured the American market. The price to the grower has varied from 1¼ cents per pound to 3½ and 4 cents for equal quantities of 60, 70, 80, and 90 to the pound. The higher price has never been paid except when there was a short crop. The result flowing from the development of this large industry has been to supply the American people with a healthful and delightful article of food at prices within the reach of all classes. While we now have the market for a product sometimes reaching 150,000,000 pounds, and are exporting to some extent, this satisfactory condition would quickly disappear if unrestricted competition were opened to the foreign producer and favorable crops abroad should make the American market desirable. The act of 1890 fixed the duty at 2 cents per pound; the act of 1894 at 20 per cent ad valorem and the act of 1897 at 2 cents. This is reasonable and we think should remain as it is.

Figs.

The duty upon figs is 2 cents per pound which, considering the increased cost of handling and marketing over that of prunes, is low enough. The act of 1890 gave 2½ cents per pound and the act of 1894, 1½ cents. Notwithstanding the duty, the importations have increased from 9,628,000 pounds in 1898 to 24,546,000 pounds in 1907. The fig industry is slowly developing in this State; if its progress

is retarded by importations the growers have not made it known to this committee. We ask the retention of the present duty.

Fresh deciduous fruits, grapes and other.

The climatic conditions in California are such as give a carrying and keeping quality to fresh fruits, such as like fruits grown in other States do not possess. For this reason we successfully ship in that form nearly all of our deciduous fruits to eastern markets, as far as Boston and into Nova Scotia. We ship to these distant markets in some years 15,000 carloads of 10 tons each, including apples, pears, peaches, plums, cherries, apricots, nectarines, and several varieties of foreign grapes. In the appendix to this memorial, and part of it, will be found an interesting report of the subcommittee upon this subject. Broadly speaking, the present duties are sufficiently protective, but in one or two particulars some relief is believed necessary to properly protect the fruit industry. This necessity is clearly pointed out in the appended report. The competing fruits which severely affect the California fruit industry are the Almeria grapes from Spain and the universally distributed banana from the Tropics.

The report to which attention is called shows the figures for the statement that the Spanish grower can market his product in this country at lower prices than the cost of the California grower who ships the Tokay, Emperor, and Cornichon grapes. The Spanish grapes shipped into this country in 1907 are estimated to have been 1,000,000 barrels, while the shipment of California grapes for the same year was but little over twice that amount. The depressing effect of so large a quantity of foreign grapes competing with the domestic article must inevitably tend to depress the market prices for the home product.

The duty now is on "grapes in barrels or other packages, 20 cents per cubic foot of capacity of barrels or packages." It is asked that the duty be made specific at 2 cents per pound of grapes.

The influence of bananas is felt not only upon the sale of fresh fruit, but, as they come in during every month of the year, they interfere with the sale of dried and canned fruit. The banana is a very popular and not expensive fruit, and goes everywhere in enormous quantities. The consumption in 1907 is estimated as amounting to 42,000,000 bunches, and for the current year it is believed will reach 50,000,000 bunches. Pineapples pay a duty, but we can not discover any duty laid upon bananas. An imposition of 5 cents per bunch would, in a small measure, tend toward keeping the home market for our fruits, and if not would afford some revenue, while not materially adding to the cost to the consumer.

The principal factors entering into the question in all the products mentioned are the greater cost of labor here, the remoteness from the great markets of our country, and the resultant greater cost of marketing these products. It may be added that the tillers of the soil are not the classes against whom alleged tariff extortions have been aimed; we hear no complaint that the farmer is overprosperous, nor that the direct benefits attempted to be given him by duties laid upon articles which he produces are burdensome upon the people generally. We venture to hope that the inevitable vicissitudes which

attend his occupation constantly may not be augmented by taking from him the beneficent protection now given him.

Olives.

Especial attention is invited to the condition of the olive industry. An increase of duty is asked on olives and olive oil, namely, that a duty of 25 cents per gallon be placed upon all olives (green or ripe and dried or cured), and 80 cents per gallon on " olive oil other than for manufacturing or mechanical purposes." The present duty is 25 cents per gallon of olives " in bottles, jars, or similar packages," and 15 cents " in casks or other than in bottles, jars, or similar packages; " and on olive oil " 40 cents per gallon; in bottles, jars, tins, or similar packages, 50 cents per gallon."

An examination of the facts set forth in the appended report upon the olive industry, on page 36, will make it apparent that the duties on these articles have been fixed with little regard for the principle of protection, and chiefly for revenue. Doubtless this came about because of the neglect of the grower to advise the Ways and Means Committee of the facts when making up the tariff files. By the act of 1890 the duty was 35 cents per gallon for olive oil " fit for salad," and by the act of 1894, 25 cents a gallon. The act of 1890 placed olives on the free list, and the act of 1894 placed a duty of 20 per cent ad valorem on them. The act of 1897 made but little change in the act of 1894 on olive oil or olives, while making substantial advances on other products of our orchards with a view to protection.

In 1898 the importations of dutiable olive oil amounted to 736,877 gallons, and in 1907 they had reached 3,449,517 gallons. The climate and soil of California give to the cultivation of the olive a range even wider than to the orange and lemon.

The tree is hardy and long lived; there are trees in this State known to be 150 years old. While grown only in California, in this country, it would be quite within the capacity of the State to produce all the olives and olive oil consumed in this country without displacing any other of our orchard products, if given protection sufficient to make the industry reasonably profitable.

In the early stages of olive planting in California very optimistic hopes were indulged in its success and profitableness. Large plantings were made in this hope. Later it was discovered that sophisticated oil—a combination of olive oil with nut and cotton-seed oil—had found its way into the market and was placed in competition with the pure olive oil produced here. The result was precisely what followed when oleomargarine came forward as butter—a condition in that particular promptly remedied by legislation.

It is true that a rigid enforcement of the pure-food law should operate somewhat similarly in the olive field, though it can not, for various reasons, do so in the case of the olive. The principal competing countries are Italy, Spain, France, Portugal, Egypt, and Greece, although Italy produces more oil than all other European countries combined.

The very full and instructive report appended hereto, pages 36 et seq., will answer every question bearing upon the cost of production and marketing of the domestic and imported article, the importance of the industry, and presents the facts showing that greater protec-

tion from foreign competition must be given if olive growing is to continue in California.

The writer of that report is a large grower and manufacturer and has kept strict account for several years of the cost of building an orchard, of its cultivation, and subsequent gathering and manufacturing of the crop and the receipts from the same. The writer of this memorial dug up five years ago an olive orchard of 40 acres, after ten years' cultivation, for the reason that the protection to the business was not sufficient to enable him to market his olives at cost.

Other growers still cling to the hope that relief may come and refuse to sacrifice their investments. The output of olive oil in California is now about one-tenth of the consumption in this country. We earnestly urge a careful reading of the appended report as clearly presenting the reasons for increased protection.

Hops.

The hop-growing industry of California is quite large, and is suffering, in common with that of other States, from present price of hops, which is below the cost of production. The subcommittee has presented a strong case for relief by a substantial increase in the tariff. Appended to this report, with reports upon other subjects, will be found the argument and reasons for an increase of duty which, it is contended, should be 24 cents per pound. It is shown that the heavy importations shut out the American hops to a large extent from the market, for the reason that 1 pound of the German and other imported hops is equivalent to 2½ pounds of American hops in making beer; that while the foreign hop is not essential to the brewing of good beer, the brewers use it to the exclusion of the home product; that increased importation is largely responsible for the unhappy condition of the home market.

Four-fifths of the hops in this country are grown on the Pacific coast, in California, Oregon, and Washington. The State of New York produces most that are grown elsewhere.

The increase of duty asked is apparently large, but when the facts are considered, it is not too great. We are informed that the imported article has sold on an average for 44 cents per pound during the past ten years. For the last three years American hops have sold for less than the cost of production and present prices are no better. It is true that, during the past decade, there have been occasional years when the American grower has prospered and enjoyed good prices; but, whille he has suffered from disastrous fluctuations in prices, his foreign competitor has had a profitable market here, notwithstanding the duty of 12 cents per pound. His hop is put in the bale at much less cost than the cost to the American grower. His freight to the United States costs him five-eighths of a cent per pound, while the rate from the Pacific coast to eastern markets has been 2 cents per pound, now reduced to 1½ cents, pending the very low market price for hops.

The exact situation then is this: The American hop grower places his hops in New York at a greater cost than his foreign competitor, who has for ten years received 44 cents per pound for his hops, while the home producer has been obliged to sell upon a fluctuating market,

often at less than cost at the hop yard. During this period importations have steadily increased from 2,375,922 pounds in 1898 to 10,113,989 pounds in 1906, and 8,500,000 pounds for fiscal year ending June 30, 1908. If the foreign producer has paid 24 cents duty he would have received a profit above cost of from 8 to 10 cents per pound.

During the past three years the American product has fallen off from 65,300,000 pounds in 1906 to 38,000,000 in 1908. It seems obvious that in this instance protection does not protect. Foreign-grown hops are urged upon our markets under the claim that 1 pound is equivalent for brewing purposes to 2½ pounds of the domestic product. If this be true, the duty should be laid with reference to that fact. There is something serious the matter with the hop situation which must find a remedy or the industry will have to be abandoned. Hop growing, unlike most forms of farming, can not be changed and resumed again without large expenditure and much loss of investment.

The present price of new American hops ranges from 4 cents per pound to 8 cents per pound. It is important to note that old hops deteriorate rapidly, which is shown by the present price of 1 or 2 cents per pound. While the foreign hop has sold for the average price—namely 44 cents per pound—the price this year has been about 30 cents per pound.

It may be interesting to state, as bearing upon the question, that but five-eighths of a pound of American hops are required to make one barrel of 30 gallons of beer, and that in a barrel of beer there are 600 glasses. It will thus be seen that the consumer is not appreciably affected by the increase of duty asked.

Nuts.

California sends to markets out of the State about 11,000 tons (22,000,000 pounds) annually of almonds and walnuts. There is now a duty upon almonds of 4 cents per pound unshelled and 6 cents per pound shelled, and upon walnuts unshelled 3 cents and on shelled 4 cents per pound.

Considering the value of these nuts in the markets of the world, the duty is relatively lower than upon the products of the orchard generally and should not be decreased. It requires the best of our land and climatic conditions adapted to the almond and walnut to make them profitable. Most of the walnuts are grown in southern California, although many fine groves are in the northern part of the State. The almonds are mostly grown in the northern portion of the State. The Statistical Abstract of the United States shows that imports of almonds have more than doubled since 1898, the quantity for 1907 being 14,283,613 pounds. Walnuts were included in "all other" nuts prior to 1903. In that year the imports were 12,362,567 pounds and in 1907 amounted to 32,597,592 pounds, an increase in five years of 20,000,000 pounds. It will thus be seen that the present duty is no restraint upon importations of these nuts and that the American market consumes more than twice as many pounds of the imported article as are produced in this State.

Schedule H.

Spirits, wines, and other beverages.

The product of the California vineyards is a very large factor in the agricultural activities of the State. While the curing of raisins and the shipment of fresh grapes to eastern markets constitute an important branch of our vineyard industries, the production of wine and brandy forms much the larger part. These latter will be personally represented before your committee. A brief statement of facts drawn from the appended report should be stated in this memorial.

The combined vineyard industry represents an investment of $100,000,000, and the acreage of vines in the State is 250,000 acres. The yield of grapes will approximate 1,000,000 tons per annum, which, converted into wine, brandy, raisins, and for fresh fruit shipment, yields a value exceeding $25,000,000. The accompanying report points out the comparative wages paid in foreign wine-producing countries and in the United States; the long-distance haul of our products to eastern markets; the influence of cooperage upon cost, which combined amount to nearly 10 cents per gallon advantage given our foreign competitors. It is also shown that importations have increased enormously under the present tariff, which demonstrates that the duty is not excessive.

A discrimination is now made in favor of imported sweet wines used in medicinal preparations, which the committee urges should be remedied.

Attention is called to present regulations by which the manufacturer of vermuth is placed at such disadvantage that the entire trade now goes to the foreign producer.

Other important facts are brought to your attention, furnishing, it is believed, convincing proof that the present duties are none too high, if the American industry is to continue to exist. If a maximum and minimum tariff rate should be adopted it is earnestly urged that the present prevailing rate should be the minimum.

Schedule K.

Wool and manufactures of wool.

California is a large producer of wool and is deeply concerned as to the future of the sheep-raising industry. We are informed that the flock masters of the State will be represented personally before your committee, and for that reason they have made no report to this committee.

Schedule N.

Sundries.

Appended to this memorial will be found an instructive report of the subcommittee on minerals. Reasons are given for an increase of the duty of $3 per ton now placed upon asphaltum, and that a duty be placed upon chrome, soda, diatomaceous or infusorial earth, and magnesite, now on the free list.

Asphaltum.

There are 27 refineries of asphaltum operating in California, with an investment of $2,500,000; they produce 100,000 tons of asphaltum annually and could largely increase this quantity if marketing conditions warranted it. California asphaltum won its way on merit in the eastern cities as against its Bermuda competitor under a protective duty, as now, when asphaltum sustained a higher price; but at present prices the refineries are compelled, in reaching the eastern market, to sell their surplus at about cost. The lowest freight rate to points east of the Rocky Mountains is $10 per ton, as against $3 to $3.50 per ton to New York City paid by the Bermudez refineries. The cost here at the refinery is about $9 per ton, and the market price in the Atlantic cities for the past two years has been as low as $19 per ton, as against $35 to $45 per ton paid for Bermudez asphalt some years ago. The domestic product has helped to bring prices down, until some of the American refineries which have helped to bring this about are now shut out of some of the markets they have so greatly benefited. The committee having this subject in hand recommend that the duty be placed at $5 per ton, and the argument in that behalf is commended to your earnest attention.

Soda.

With the largest soda deposits in the world, soda manufacture in California is reported as having practically ceased. Importations have increased from 175,000 long tons in 1900 to 349,000 tons in 1907.

Infusorial earth.

Infusorial earth is found in the States of California, Vermont and New York. The largest and purest deposit yet discovered in this country is in California, and there is sufficient here to supply the United States. The imports, amounting to 12,000 to 15,000 tons annually, come principally from Germany. This article has many practical and important uses, which are pointed out by the report referred to, and should not be given over to the foreign market.

Chrome.

The chrome ore produced in the United States comes entirely from California. Some years ago several thousand tons of chrome ore were shipped east to be worked, but, owing to lack of low freight rates by water, the shipments have entirely ceased and the foreign producer of chrome has practically the American market. The consumption in the past ten years has amounted to $4,441,753, as reported by the United States Geological Survey.

Magnesite.

Magnesite deposits are utilized in commercial quantities only in California. The importation for the past ten years amounted to $4,275,441. Magnesite is used in the manufacture of carbonic acid gas, paper (wood pulp manufacture), and in making bricks. It has other uses in the building arts, pointed out by the appended report; the reasons for encouraging its production in the United States are

fully given. We commend the subject therein treated to your careful consideration.

In submitting this memorial we desire to add that the aim of the committee has been to lay before your honorable bodies such facts as would aid the members in their multifarious and extremely arduous duties, and to show by reliable data and fair argument that the recommendations and requests here made and which will be made personally by accredited representatives of our industries. are based upon the reasonable and just requirements of the very large class of farmers and producers whose interests are involved.

Respectfully submitted.

N. P. CHIPMAN, *Chairman*,
T. C. FREEDLANDER,
A. L. CRANE,
California State Board of Trade.

At a meeting of the general committee on tariff revision held this day the foregoing report or memorial is approved, and it is advised that the same be laid before the respective congressional committees to which it is addressed, together with the various reports of subcommittees thereto attached.

It is further ordered that the memorial and its exhibits be printed for the convenient use of Members of Congress.

ARTHUR K. BRIGGS,
Chairman of General Committee.
DAVID H. WALKER,
Secretary.

APPENDIX CONTAINING REPORTS OF SUBCOMMITTEES OF THE STATE COMMITTEE ON TARIFF REVISION OF CALIFORNIA.

SAN FRANCISCO, CAL., *November 5, 1908.*

MR. ARTHUR R. BRIGGS,
Chairman California Tariff Revision Committee,
Ferry Building, City.

DEAR SIR: The lumber and collateral interests in this State entirely outside of the government reserves that will be materially affected by the revision of the tariff on lumber comprise approximately:

Acreage.—Twenty-three hundred and sixty thousand acres of standing timber.

Timber.—Eighty billion feet of anticipated yield.

Production.—Fourteen hundred million feet output during 1907, the highest ever known, and at this rate the timber will not be exhausted in sixty years, considering growth, recutting, etc.

Investment.—Sixteen million dollars in mills and logging railways. Sixteen hundred and fifty thousand dollars in camps and logging equipments.

Expenditures.—Sixteen million eight hundred thousand dollars, 80 per cent of which is labor.

Vessels utilized in transportation of lumber.—Thirty million dollars investment; two million five hundred and eighty thousand

dollars expended annually in wages; seventeen hundred and fifty thousand dollars expended in supplies. This item includes the entire coast tonnage and does not show the portion allotted to the transportation of the production in California alone, but nearly all of the tonnage is controlled and 60 per cent is owned by California capital.

Yours, very truly,

D. E. SKINNER,
Chairman Lumber Committee.

BRIEF OF FACTS CONCERNING CITRUS TARIFF.

[Presented to the Ways and Means Committee by a committee representing the Citrus Protective League of California.]

To the honorable members of the Ways and Means Committee of the House:

The Citrus Protective League of California is a voluntary association embracing substantially all of the people of California engaged in the growing and marketing of oranges and lemons. The undersigned is a committee appointed by the Citrus Protective League to present to your honorable body the facts concerning the citrus industry of California and herewith respectfully present the same for your consideration.

The data from which our computations are made being voluminous, only a portion thereof is appended, but it is all available and will be furnished to any member on request.

The conditions affecting the lemon and orange industries vary considerably and therefore they will be presented separately.

The lemon industry.

The present tariff duty on citrus fruit is 1 cent a pound. The experience of ten years has demonstrated that this tariff is sufficient to protect the orange industry but is not sufficient to encourage the lemon industry.

While the production of California lemons has increased during the past ten years, the percentage of home-grown fruit consumed in the United States has not materially increased. In 1901 67 per cent of the consumption was imported; in 1907 64 per cent; in 1908 2,231,125 boxes of lemons were imported into the United States, which was the heaviest importation in the history of the business and was an increase of over 400,000 boxes in excess of the importation of 1901.

Experience has demonstrated that California possesses the requisite soil and climatic conditions to produce lemons equal to any grown in Italy.

Lemons are a household necessity in all portions of our country, necessary to health and a comfortable existence.

The 2,000,000 boxes annually imported from Italy, if grown in California, would furnish continuous employment at good wages to 5,000 people, and would comfortably support 5,000 families in the United States.

All of the lemons required for consumption in the United States could and would be grown in California if the tariff duty was sufficient to equalize the cost of labor and transportation between Italy and the United States.

It is exceedingly important to the interests of California that this tariff duty be properly adjusted to admit of the just development of this industry. It is still more important to the whole people of the United States that this very necessary article of diet be produced at home to the end that the supply would be insured and that the prices be freed from the control of a foreign nation or the opportunity for combination of a few large importers.

It was found by the Interstate Commerce Commission in the Citrus Rate case, after the taking of much testimony, that it required eight years of continuous care and expense to bring a grove to bearing and that the average cost per acre of a grove in California at eight years of age was $1,000. (See I. C. C. Rep., p. 594.)

These figures are still substantially correct as to the commercial value of a grove. Additional values are sometimes received for ground advantageously located for residential purposes, but as a general proposition California groves are worth for commercial purposes about what they cost to produce them.

Data have been secured from a considerable number of the larger growers who have kept accurate book accounts for a long series of years, situated in various districts of California, to ascertain the actual cost of producing a box of lemons in this State. While conditions vary somewhat and the items making up the cost are not uniform in the various districts on account of the difference in the cost of water and soil conditions, the average total cost is singularly uniform, varying from $1.41 as the lowest price for an average of years to $1.50 as the highest price. These figures represent the minimum cost, for as a rule a large grove can be handled more economically than a small grove and the cost is usually cheaper in proportion to the production of the property. Among others, the people furnishing this information are the Corona Lemon Company, of Corona; W. H. Jameson, of Corona; Arlington Heights Fruit Company, of Riverside; the Lemon Growers' Association, of Upland; and N. W. Blanchard, of Santa Paula.

The average cost of a box of lemons in California, on cars ready for shipment, is $1.48, which includes all the expenses of cultivation, water, fertilization, fumigation, picking, handling, packing and material used, and every item entering into the cost, excepting interest upon the investment in the groves and packing houses. Of this cost the amount expended for material is 48 cents, and the amount expended for labor per box is $1. The cost of transportation to eastern markets is 1 cent per pound gross weight, or a total per box of 84 cents, making a total net cost per box, without interest, for delivering California lemons to eastern markets $2.32.

We have authentic information from the American consul at Palermo, Italy, from John Triola, now the manager of the Flagler Company, at Corona, and other persons experienced in growing and shipping fruit from Italy, that the actual cost of labor in Italy ranges from a franc and one-half (30 cents) to 3 francs (60 cents) per day: that the actual cost in Italy of producing a box of lemons, exclusive of interest, is 75 cents, of which amount there is expended

for material 50 cents, which includes water, fertilizer, and packing materials, and there is expended for labor per box 25 cents.

The rate of transportation to America per box is 25 cents, making a total cost, without interest, of a box of lemons from Italy in New York Harbor $1, and after paying the duty, amounting to 84 cents, makes a total cost on New York market of $1.84, as against the cost of the California lemon of $2.32, or a difference in favor of the Italy grower per box of 48 cents.

According to our consul's report the average production in Italy is about 300 boxes per acre, which means that a grower in Italy can make per acre $150, selling lemons at a price which would leave the California grower no returns whatever. From this situation it is very evident that one of three alternatives must occur—either the tariff duty must be advanced to a cent and a half per pound, or the price of labor must be materially reduced, or we as a nation must continue to eat foreign lemons.

The transcontinental railways realizing these conditions have made a lower freight rate on lemons to assist us in the unequal competition, to wit, 84 cents per box to the eastern market, instead of $1.05 prior to November, 1904.

It is also a fact that in 1898 we had in orchard form 11,054 acres of unbearing lemon trees, while in 1908 there were only 2,074 acres of unbearing lemon trees in orchard form. This indicates what is well known in California, that tariff duties of 1 cent per pound have not been sufficient to encourage the planting of a large acreage to lemons, for which we have ample unplanted territory in California. Under the stimulus of an increased duty the setting of lemons would be so great that in ten or twelve years California would produce all the lemons consumed in the United States.

The evidence concerning the cost of producing California lemons will be furnished by the undersigned at any time or by any of the people before referred to.

Evidence concerning the cost of the production of foreign lemons will be found herewith appended, together with a statement showing the amount realized by California lemon growers during the present season for lemons sold at seaboard and adjacent points, where the California lemon comes into direct competition with the foreign.

The figures we have given as to the tariff duty paid on foreign lemons does not take into account the common practice of the Treasury Department in making a refund for decayed fruit, which frequently amounts to 20 per cent or more reduction on the tariff fixed by law.

The California grower receives no discount on his freight by reason of decayed fruit, which still further differentiates the cost.

There are approximately an average of 30 dozen lemons in a box. The present tariff amounts to less than 3 cents a dozen.

The lemon growers of California ask an increase of tariff duty of one-half cent per pound, which amounts to about 1¼ cents per dozen, or a total tariff of 1½ cents per pound, amounting to 4.2 cents per dozen.

The orange industry.

The beneficent effect the tariff duty of 1 cent has had on the orange industry will be manifest from a very brief examination of the progress of the industry during the past eleven years. A full and comprehensive table showing these results will be found appended hereto.

In 1899 the importation of oranges amounted to $1,097,596. In 1908 this amount had dwindled to $275,060.

At the same time the people of this country have had cheaper oranges than ever before, for we are no longer at the mercy of the importers. We are also pleased to state that no people on earth ever ate any finer oranges than those from California. The consumption per capita during the past ten years has increased over 300 per cent, bringing health and solid enjoyment to rich and poor alike all over the United States. The industry affords employment to 15,000 people and furnishes a living to 75,000 people in a healthful, enjoyable locality. The competition from Porto Rico, which is becoming formidable can not be avoided, but the investment of large sums of money by American and Canadian capitalists in setting out a large acreage to oranges in Mexico and Cuba within the last few years, the product of which orchards can only be profitably sold in the United States should, we submit, be taken into consideration by your committee in retaining in full the present 1 cent a pound duty on oranges.

The cost of producing a box of California oranges, as gathered from a large number of growers and packers, exclusive of interest, is, per box, $1.05, apportioned as follows: Cost of labor per box, 59 cents; cost of material used in growing and packing, 46 cents; cost of transportation to eastern market, including 10 cents for ice, 93 cents; total cost per box on eastern markets, $1.98. Refrigeration costs 20 cents per box—for 1907 58 per cent of orange shipments were shipped under refrigeration.

The cost of producing a box of oranges in Italy is 65 cents, and of transportation to New York 25 cents, or total cost of foreign oranges in New York Harbor per box, 90 cents. They pay a duty per box of 72 cents, or a total cost on the market per box of $1.62, or an advantage still in favor of the foreign grower of 36 cents; but, fortunately for California growers, the California orange is more popular than the foreign orange and will command a higher price, and therefore the orange industry in California has expanded and progressed much more rapidly than the lemon industry. But the orange growers of California still require the protection heretofore given and respectfully ask that it be retained.

Grape-fruit industry.

Grape fruit is not so generally consumed as are oranges and lemons.

The cost of producing grape fruit in California is comparatively the same as the orange. The industry is undeveloped largely because of the limited consumption and the fact that Jamaica and Cuba can reach the eastern markets, where the consumption is greatest, at a much less cost of transportation than we can, and with their cheaper land and labor the competition at present is unfair.

We ask that the present duty of 1 cent a pound be retained, and believe that as consumption increases we can increase our output from California to meet the increased demand of markets not immediately adjacent to seaboard points.

The general situation of the citrus industry.

In order to remove any false impression concerning the general status of the citrus industry in California full data has been gath-

ered together concerning the total number of acres in California devoted to citrus fruits. The total number of boxes of fruit produced each year, the total cost of producing the fruit, the net average profit per acre for the last eleven years, and the result of these figures will be found appended hereto. A detailed statement covering all sources of information will be furnished on request. The results of these figures show that during the last eleven years an average California grower has received 4.3 per cent interest on his investment. Conclusive proof that these figures are substantially correct is found in the decision of the Interstate Commerce Commission heretofore referred to, wherein it is found that a California grove is only worth what it costs to produce it. If it was the gold mine which California real estate dealers and some of the importers interested in reducing the tariff would have the country believe, the value of a grove would certainly be greater than its cost after ten years of continuous effort and care in producing it.

Respectfully submitted.

B. A. Woodford,
Claremont, Cal.
C. C. Teague,
Santa Paula, Cal.
C. C. Chapman,
Fullerton, Cal.
A. G. Kendall,
San Bernardino, Cal.
A. F. Call,
Corona, Cal.

Citrus industry in California for eleven years—Average production, selling price, cost of production, and profit of an average grove per acre.

Variety.	Acres.	Boxes produced.	Total boxes.	Average price per box f. o. b.	Gross average per acre.	Producing cost per acre without interest.	Selling cost per acre.	Profit per acre.
1898—Oranges	30,193	5,871,000	5,734,800	$1.25	$191.00	$172.00	$9.00	$10.00
Lemons	6,518	363,800						
1899—Oranges	34,996	3,628,000	3,909,800	1.72	154.00	101.00	5.00	48.00
Lemons	8,672	281,800						
1900—Oranges	39,146	6,283,000	6,734,500	1.70	228.00	151.00	8.00	69.00
Lemons	10,827	451,500						
1901—Oranges	43,162	8,459,500	9,371,800	1.22	203.00	190.00	10.00	3.00
Lemons	12,979	912,300						
1902—Oranges	47,245	7,499,900	8,378,500	1.68	225.00	153.00	8.00	64.00
Lemons	15,119	878,600						
1903—Oranges	48,036	8,438,800	9,265,300	1.29	191.00	168.00	9.00	14.00
Lemons	14,412	826,500						
1904—Oranges	52,251	10,306,200	11,174,200	1.09	198.00	205.00	11.00	[a] 18.00
Lemons	9,226	868,000						
1905—Oranges	59,828	10,538,200	11,871,700	1.37	231.00	193.00	10.00	28.00
Lemons	10,399	1,333,500						
1906—Oranges	67,405	9,170,700	10,352,900	2.11	276.00	149.00	8.00	119.00
Lemons	11,572	1,182,200						
1907—Oranges	85,738	9,908,000	11,005,300	2.00	221.00	126.00	7.00	88.00
Lemons	13,478	1,097,300						
1908—Oranges	104,073	10,486,000	12,071,000	1.75	170.00	114.00	6.00	50.00
Lemons	16,718	1,585,000						
Total oranges		90,089,300	99,869,800					
Total lemons		9,780,500						
Average				1.56	208.00	156.54	8.27	43.19

[a] Loss.

Total profit on investment, $43.19 per acre. Average cost of 1 acre, $1,000. Average interest on amount, 4.3 per cent.

PALERMO, ITALY, *September 12, 1908.*

The Citrus Protective League, 829 Hellman Building, Los Angeles, Cal.

DEAR SIRS: Replying to your letter of inquiry of August 20, regarding cost of land on which oranges and lemons are grown, cost of labor, freights or ocean rates, and value of product at port of shipment, I beg to furnish you as below with the information desired.

The unit of land taken as basis of calculation is 1 hectare, equal to 2.471 acres of land.

(1) Cost of the land about 12,000 lire, equal $937.50 per acre.

(2) Approximate annual product from the above, 750 boxes containing 250,000 single fruit.

(3) Approximate annual cost of the labor for the above, 800 to 900 lire, equal to from $154.40 to $173.70.

(4) Ocean freight rate to the United States, 24 cents per box.

(5) Average value of the product at port of shipment, $641.72.

I beg to remain, gentlemen, very truly, yours,

WM. HENRY BISHOP, *Consul.*

CORONA, CAL., *November 5, 1908.*

Mr. A. F. CALL, *City.*

DEAR SIR: Referring to our conversation in which you asked me to give you some information regarding the cost of growing and marketing lemons in Sicily, will state that I was in the Sicily fruit business as a grower, packer, and shipper for eight years, from 1891 to 1899, and during that time shipped approximately 1,000,000 boxes of Messina and Palermo lemons.

The cost of growing lemons in Sicily is small as compared with California.

First. On account of labor charges. Second. On account of apparent need of less fertilizer. Third. On account of extremely low cost of water, which can be found in almost any grove on the plain of Palermo or Messina at a depth of about 20 to 30 feet, which does not necessitate any investment in long pipe lines, storage dams, or maintaining costly water systems, but each group of growers, amounting to sometimes 100 acres, dig a well and use the water mutually. Fourth. Because of a larger production per acre, the reason of which I do not know, but presume it is on account of the absence of extreme climatic changes and a steadier rainfall.

Taking what would be a 10-acre grove, that is, a piece of land planted to from 800 to 1,000 trees, the actual cost for the year would be about as follows:

Irrigation, four, from June to the latter part of September, rainfall usually begins in good quantities by October 15. Each irrigation would cost as follows: Eight men four days making basins, at 1½ francs to 2 francs per day; the maximum pay for this class of labor is 2 francs, or 40 cents, and I will figure on the maximum basis of 2 francs, making $12.80 for basins. Irrigating, two men two days, $1.60. Breaking ground, eight men four days, $12.80, which makes actual cost of each irrigation $27.20. With four irrigations a year, would make $108.80 for soil care per year. The rate

of labor, as figured, is so high that it would pay an extra irrigation whenever same is necessary.

Pruning.—This can be done for about one-fifth of the cost of pruning in this country, taking into consideration solely the rate of labor, which for a good pruner in Sicily would not cost over 50 cents, and in California would cost $2 per day and upward for about nine hours' work, whereas in Sicily the work is from sunup to sundown.

This item on the 10-acre grove in Palermo would probably not amount to over $20 to $25 on a 10-acre grove, figuring a man could do around 20 trees per day.

The total of pruning and taking care of the soil on a 10-acre grove in Palermo would not amount to over $135 per year.

Picking.—The expense of picking can be easily estimated, as compared with our picking in California, by simply stating that the picker receives as a maximum wage 2 francs, or 40 cents, per day, with working hours from sunup to sundown, whereas in California we have to pay from $1.75 to $2 per day for nine hours' work for practically the same results as regards the quantity of lemons picked per man per hour.

Transportation from grove to packing house is cheaper than we can do it in California, as the maximum pay of a teamster is 2½ francs, of 50 cents, per day. Horse feed is just as cheap as in this country.

Talking of horses brings to mind the fact that no horseflesh is used in cultivating groves, which is all done by hand, with a kind of an extremely heavy hoe; so maintenance of horseflesh is not an item that the Sicily grower figures on.

Packing.—The method of sorting and packing is practically the same as in California, with the exception that more care is used in sorting out any bruised fruit from fruit to be shipped. The difference in the cost of packing can be more readily figured from the basis that the women sorters in Sicily receive 1 franc per day, equal to less than 20 cents, whereas in California we pay them $1.25 to $1.50. Packers in Sicily are men, who receive a maximum wage of 3 francs per day, equal to 60 cents, whereas we pay men and women packers in California from $1.75 to $2.25 per day. Ordinary man labor around the packing house is paid 2½ francs per day, equal to 50 cents, whereas we pay $1.75 to $2 for the same work. The results of the labor of sorters and packers in Sicily as to the number of boxes sorted and packed would be practically the same as the same number of men and women would do in California.

Their shook and paper costs approximately within a cent or so per box of what we pay for shook and paper, so the charges for packing can be easily estimated when the rate of labor paid there is known.

Transportation.—The writer was actively engaged as managing director for the Trans-Oceanic Line for seven years and knows about what it costs to transport fruit. Practically all fruit is brought to the United States in chartered steamers. The charter price is figured out so that it will cost on an average of about 10 pence, or 20 cents, per box, actual cost from Palermo or Messina to New York or coast cities, New Orleans running slightly higher. The shipper is charged 1 shilling 4 pence, or 33 cents, per box, on which he averages a rebate

of around 5 or 6 cents, and the balance of course being profit to the charterer and transportation companies, which makes the actual cost to the shipper from Sicily ports over the Atlantic to ports in the United States of around 25 or 26 cents per box. This, as compared to California's 84 cents, shows a vast difference in favor of Sicily.

Fertilizer.—In Sicily, as in California, this is an item that rests solely with the opinion of the grower, but I will say that commercial fertilizers, which are mostly imported from England and Germany, do not cost on an average of over 50 per cent of what they do in this country. This of course is due to the fact that the German and English labor which goes into the making of fertilizer is paid a very small percentage of the same class of labor in the United States, and it does not seem necessary in Sicily to use as much fertilizer to obtain the same results as it does in this country. I have known of a grove of 12-year-old trees, 20 miles from Palermo, which never had a pound of fertilizer, that was bearing at the rate of four packed boxes per year to the tree, which I know will compare very favorably with the best groves in California of the same age that have had large amounts of money expended on them for fertilizer.

Another item in which cheap labor increases the income of the Sicily grower is that they can produce citrate of lime, essential oils, and citric acid at a very low cost, and all cull lemons can be sold by the grower to these factories at never less than 4 francs, or 80 cents, per 100, and from that pay as high as 8 francs per 1,000 lemons for the use of this factory in making these products. In California, on account of the labor cost, it is impossible to produce these articles at a profit, so this is one source of income which we do not have.

The writer does not know the present state of the Sicily labor markets. The rates of labor he is stating here were in force ten years ago, but he knows that labor conditions have not improved in Sicily to the benefit of the laborer during the past ten years, so that he thinks that the cost of labor to-day and ten years ago could not be any more, and maybe less.

Yours, very truly, J. P. TRIOLO.

NOVEMBER 7, 1908.

Mr. B. A. WOODFORD,
General Manager, Office.

DEAR SIR: Referring to prices on lemons where we have keenest competition from foreigners, we submit a list of points near New Orleans, with the number of cars sold and the average price received during the past season; also near New York, with the number of cars sold and the average prices received in the different auction markets, which, with New York and New Orleans, received all of the foreign lemons marketed in the United States.

The average is as follows:

	Cars.	Per box f. o. b. California.
Houston	5	$1.43
St. Louis	166	1.35
Memphis	40	1.44
Shreveport	8	1.41
New Orleans	15	1.18

You will note that the 40 cars sold in Memphis include all of the southeastern territory.

	Cars.	Per box f. o. b. California.
Evansville	7	$1.51
Louisville	84	1.44
Cincinnati	91	1.33
Cleveland	104	1.55
Pittsburg	99	1.01
Albany	7	1.41
Richmond	8	1.35
Washington	12	1.65
Scranton	29	1.57
Boston	116	1.33
Baltimore	18	1.08
Philadelphia	121	1.08
New York	98	1.52

I am not prepared to say how much water freight rates may have to do in connection with the lower prices at some of these points, but we seem to have keenest competition where such freight rates can be had, as, for instance, points on the Mississippi and Ohio and Cleveland, where I believe water rates have something to do with lowering the cost of transportation on west.

Yours, truly, R. H. WILKINSON,
Sales Manager.

[Extracts from newspaper market reports.]

Prices offered to consumers by dealers.

CITRUS FRUIT SALES.

BALTIMORE SUN

April 9, 1908, navel oranges, per dozen	$0.15
June 26, 1908, lemons, per dozen	.09
June 29, 1908, lemons, per dozen	.12
June 30, 1908, lemons, per dozen	.12
July 6, 1908, lemons, per dozen	.12
September 15, 1908, lemons, per dozen	.09
September 17, 1908, lemons, per dozen	.09
September 24, 1908, lemons, per dozen	.09

BUFFALO EVENING NEWS

April 27, 1908, California oranges, per dozen	.20 .25 .30 .40

CATSKILL DAILY MAIL

March 23, 1908, oranges, per box	2.00
March 23, 1908, California navel oranges, per box	2.50
March 23, 1908, Florida lemons, per box	2.10
April 2, 1908, lemons, per dozen	.06

CHICAGO, OKE LIST

May 8, 1908, California lemons, per dozen	.10

DES MOINES, CLELAND GROCER.

Oranges were never so cheap and plentiful as now.

April 10, 1908, extra large oranges, per dozen	.29

DES MOINES, MILLER'S GROCER.

April 16, 1908, oranges, per dozen	$0.20

DES MOINES, CLELAND GROCER.

April 20, 1908, extra fancy oranges, per dozen	.29
April 20, 1908, lemons, per dozen	.20

LINCOLN (NEBR.) EVENING NEWS.

February 21, 1908, large navel oranges, per dozen	.21
April 3, 1908, fancy Redlands navel oranges, per dozen	.23
April 3, 1908, navel oranges, per dozen	.26
April 3, 1908, fancy navel oranges, per dozen	.29
April 10, 1908, fancy Jumbo, per dozen	.28
April 10, 1908, fancy lemons, per dozen	.15
April 10, 1908, lemons, per dozen	.08½
April 10, 1908, fancy navel oranges, per dozen	.29
April 10, 1908, fancy lemons, per dozen	.15
April 10, 1908, extra large navel oranges, per dozen	.26

NEBRASKA STATE JOURNAL.

News item, 3-15, oranges 3 for 5 cents.

February 21, 1908, Redlands navel oranges, per dozen	.19
February 21, 1908, Redlands navel oranges, per dozen	.24
March 21, 1908, large navel oranges, per dozen	.22
March 21, 1908, oranges, per dozen	.23
April 3, 1908, fancy navel oranges, per dozen	.26
April 4, 1908, fancy navel oranges, per dozen	.29
April 4, 1908, oranges, per dozen	.27
April 4, 1908, lemons, per dozen	.15
March 23, 1908, Farmers' Grocery Company, lemons, per dozen	.08½

MINNEAPOLIS JOURNAL.

May 1, 1908, large lemons, per dozen	.15
May 1, 1908, extra large lemons, per dozen	.15
May 1, 1908, Sierra Madre oranges, per peck	.50

DAILY NEWS.

April 11, 1908, Sierra Madre oranges, per peck	.50
April 11, 1908, extra large lemons, per dozen	.15
April 25, 1908, navel oranges, per peck	.50
April 25, 1908, large lemons, per dozen	.15
April 25, 1908, tangerines, per dozen	.10

DAILY OKLAHOMAN.

February 22, 1908, California lemons, per dozen	.10
February 22, 1908, California lemons, per dozen	.08
February 29, 1908, California lemons, per dozen	.10
February 29, 1908, fancy navel oranges, per dozen	.25
February 29, 1908, fancy lemons, per dozen	.12½
March 13, 1908, fancy California lemons, per dozen	.08

OMAHA WORLD-HERALD.

April 7, 1908, Highland navel extra fancy, per dozen	.12 .15 .17½ .20
April 7, 1908, oranges, per dozen	.20
April 17, 1908, lemons, per dozen	.15

DAILY NEWS.

April 7, 1908, oranges, per dozen	$0.10 .12 .15 .17½ .20
April 15, 1908, oranges, per dozen	.12 .15 .17½ .20

OMAHA DAILY BEE.

April 16, 1908, large juicy lemons, per dozen	.12
April 16, 1908, fancy Highland navel oranges, per dozen	.12 .15 .17½ .20

TOLEDO BLADE.

April 17, 1908, California seedless lemons, per dozen	.10
April 17, 1908, Florida oranges, per dozen	.29

WASHINGTON (D. C.) STAR.

July 29, 1908, fancy lemons, per dozen	.12

State committee on tariff revision:

Your committee, to whom was referred the matter of tariff on fresh deciduous fruits, beg leave to report as follows:

We find that the interests of the deciduous fruit growers in California are affected by the importation of Almeria grapes and of bananas, the former having considerable influence on the sale of the late tokay, emperor, and cornichon grapes, and the latter on the whole line of fruits from beginning to end, and on dried fruits almost as much as the fresh product.

Almeria grapes are grown in a Province in Spain and are exported to this country in small barrels, packed in cork dust, and weighing about 40 pounds. As is well known, labor in Spain is very cheap, not exceeding $0.40 per day, as compared with our wages running from $1.50 to $2 per day. Freight to New York on each keg amounts to $0.46 and a fraction, or $0.0115 per pound. Freight to New York from California on 26 pounds of grapes amounts to $0.48, or $0.0185 per pound.

Duty during the season of 1907 was $0.20 per cubic foot, or $0.38 per barrel, a barrel being estimated at 1.9 cubic feet. Prior to last season the duty was the same, $0.20 per cubic foot, but the barrels were estimated at 2 cubic feet, making the duty $0.40.

Thus it may be seen that these grapes can be laid down in New York at a cost of $0.021 per pound, or one-fourth cent more than the freight and refrigeration from California. The protection afforded by the present rate is not sufficient by reason of the much lower cost of production in Spain. Owing to cheap labor, it actually costs the Spanish growers less money to grow and market their product in this country than it does the California growers.

It is difficult for us to estimate correctly the importation of this fruit, but from the best information obtainable it amounted in 1907 to 1,000,000 barrels, or 1,666⅔ carloads; the shipment of grapes from California for the same year amounted to 3,460 carloads, or but a

trifle more than twice as much as were imported. From this comparison it will be readily seen that the infusion of this large quantity of foreign-grown grapes during our marketing season must have a depressing effect on the prices obtained for the home product. It may be urged that, as many of these grapes are placed in cold storage, to be brought out a few weeks later, after the California product is practically gone, they do not greatly injure the sale of California fruit; but such is not the case, as anyone can see for himself if he will but take the trouble to visit any of the great fruit markets of the East during the months of October and November.

We therefore respectfully submit that the present tariff is inadequate for the purpose for which it was intended, and request that a new rate of $0.02 per pound be placed on the product, this being the same rate as that charged upon American grapes by the Canadian government.

Bananas are imported into this country every month in the year. mostly from Central America, although considerable quantities come from the islands of the Pacific, and with our present fine facilities for transportation can be shipped everywhere, summer and winter. Being fairly reasonable in price and popular with the general public, the consumption is enormous and seriously interferes with the sale of our fresh fruits in their season and in the winter months with the sale of dried and canned fruits.

From the best information obtainable, importation of this fruit for the last four years is as follows:

1904, 30,000,000 bunches; 1905, 34,000,000 bunches; 1906, 37,000,000 bunches; 1907, 42,000,000 bunches.

It is estimated that for the current year the figure will reach 50,000,000 bunches.

It is evident, therefore, that our fruit growers are entitled to some protection against the rapidly increasing flow of this cheaply produced fruit of the Tropics, and we urge the imposition of a duty of $0.05 per bunch as helping in a small measure toward producing this result.

From present appearances and the general trend of events of the last few years, tariff protection on all lines of deciduous fruit production will be even more necessary than it has in the past, as there has been a decrease and is likely to be a further decrease in the supply of laborers who have given this class of work their particular attention, and growers have been and will be compelled to substitute less efficient and often higher-priced labor to do their work, which would have the effect of increasing the cost of production.

In our judgment, the adoption of the foregoing recommendations are essential to the continued prosperity of our business.

Respectfully submitted.

ALDEN ANDERSON, *Chairman.*
F. B. MCKEVITT.
WILSON H. THOMPSON.

Olives and olive oil.

SAN FRANCISCO, *November 11, 1908.*

General committee on tariff revision,
California state board of trade, San Francisco, Cal.

GENTLEMEN: Practically the oldest known fruit trees, the widest known product, and the most neglected fruit industry in the United States, is the situation in a nutshell under the above heading.

Olive trees were first brought to the United States by the mission padres and planted at their missions along the coast of California one hundred and forty years ago, and these very trees can still be seen at the missions, bearing evidence of their great vitality and longevity under suitable climatic conditions.

As in the case of some other products, California, we believe, is the only State wherein this tree can be commercially and profitably grown; and we are willing to forecast that, with proper guidance and protection, California can and will produce from 75 per cent to 90 per cent of all the pickled olives and olive oil consumed in the United States.

As nearly as our information is obtainable, there was imported into the United States last year approximately 3,449,517 gallons of pure olive oil. Of this great bulk 2,900,000 gallons were delivered in New York, duty paid, at $1.25 to $1.50 a gallon; 500,000 gallons at $1 to $1.75 a gallon, duty paid; and a small quantity of special high-grade brands, not exceeding 50,000 gallons, at $2 per gallon, duty paid. Further in this report it will be shown this special high-grade oil is the only oil with which California can compete under existing conditions.

Last year California produced approximately 350,000 gallons of oil and 150,000 gallons of pickles, ripe and green, practically little of which, except the ripe pickles, get beyond Chicago or so-called Missouri River points, owing to the impossible competition met east of those points. Stop and observe the situation here existing.

California is producing one-tenth or less of the oil consumed, while the people of the United States are sending annually to foreign countries between $2,500,000 and $3,500,000, on which the Government is receiving $1,300,000 revenue. With sufficient protection we believe the Government would still receive a handsome income from those who imagine they must use an imported article, while the great volume of money now sent abroad could be retained at home and distributed among our people, principally the laborers, the handling of the olive crop involving an abnormal proportion of unskilled hand labor.

Our committee have been unable to ascertain where olives or olive oil have ever been afforded a specific duty from a matter of protection to the industry, the only duties ever levied apparently being embraced within the general duty clauses to afford the Government revenue. The olive industry to-day in California, owing to continual discouragements from a financial standpoint, is utterly demoralized, and has never had any form of representation on the part of the grower, this, we believe, being the first attempt to properly place the situation before Congress advocating the protection of our infant and growing industries.

This committee has been able to check up absolutely about 12,000 acres of olives and they think it safe to estimate that there are an additional 6,000 to 8,000 acres. Circular letters were sent to individuals representing a large portion of this acreage and received replies from about 40 per cent of the total verified acreage, and they are certainly most discouraging in character. The summarized report shows about 80 per cent of the growers are making nothing, or are sustaining an actual loss yearly on their orchards. The remaining 20 per cent are deriving a yearly average net income per acre of $17, certainly not a handsome income on an orchard requiring seven or eight years to come into bearing and an annual outlay of $10 to $20 per acre during that period and $25 to $35 per acre thereafter.

In reply to the question "Are you contemplating planting any more olive trees?" the answer was universally, "No," and lack of ability to derive a revenue was the reason assigned.

A very large percentage of the replies to the question "Have you grubbed out any of your trees or will you do so?" was affirmative. In reply to the question asking for their views for the future of the industry, the replies only saw ruin, failure, and discouragement ahead.

In reply to the question asking at what price they could raise olives profitably, the general average replies indicated about $75 per ton on the tree, $15 to $20 per ton to be added for picking. Under existing conditions they have been receiving from $20 to $60, with $30 to $35 a fair average.

The olive tree is an irregular bearer, averaging at least one light crop in three. Last year the crop was above average and yielded, approximately, 1.12 tons per acre, producing about 37½ gallons of oil to the ton, and the average price paid to the growers was $31.25 per ton, or $34.97 per acre. We think it entirely safe to estimate the general average yield of olives per acre, year in and year out, at seven to eight tenths of a ton.

With an annual care cost of $25 to $35 per acre, and an additional picking cost of $14 to $18 per acre, it is easy to see where the producer is left without a profit; and unless his yield is high, he is confronted with a loss. It will be noticed some of the reports give a lower cost of care than above stated, but in most cases this is caused through insufficient care by reason of constantly sustained losses and continual discouragements. The orchards can not receive proper care at the low indicated costs. It is not an uncommon thing for an olive crop to be permitted to fall on the ground and rot, as the cost of picking and shipping can not be obtained.

Olive oil can be manufactured in the old country—Italy, France, Turkey, Spain, etc.—at from 40 cents to 60 cents per gallon, as against, approximately, $1 factory tank cost here. Freight from Europe to New York is 2 cents to 5 cents per gallon, as against 12 cents from California in carload lots and 15 cents for less than carload lots, much of the oil going this way. Adding the present duty of 40 cents bulk on European oil, it is landed in New York costing from 97 cents to $1.15 per gallon, duty paid.

Experience has shown us that we must let our oil remain in the factory and tanks to undergo a curing process, or about eight months. The interest feature here, together with the cost of putting the oil in packages or cases for shipment, will require from 15 cents to 25

cents per gallon plus the cost of 12 cents freight to New York, making the minimum cost of the cheapest high-grade oil which we manufacture here, delivered in New York, $1.30 to $1.40 per gallon, and with this we are compelled to compete with probably equally good oil on a cost basis of 97 cents to $1.15.

The imported oil has only the jobbers and retailers' profit to be considered, while to our oil should be added a reasonable share of profit for the manufacturer. There are several things in connection with the olive-oil industry, comparing California and European countries, which, perhaps, all are acquainted with. The greatest feature is the cheapness at which they can manufacture their oil in Spain, France, Turkey, Italy, etc. The first two countries, where most of the oil comes from, are covered with small olive groves.

When harvesting time comes it is not a question of going out and employing outside labor; each owner and family assist their neighbors to pick their fruit. There is little or no outlay of money. Consequently they do not figure labor expense against the oil as we figure it. They do their own pressing and curing. When the harvesting is finished the oil is brought to market and sold for the best possible price.

The olive-oil industry and green olives are handled about the same as cotton is handled in the South—prepared and cured by small individual owners and sold in public market places at the best possible cash price. This, you see, cuts the cost down to the lowest possible notch.

Wages for this class of work in Europe average from 25 cents to 50 cents per day, to say nothing of the large amount of free child and female labor. Our labor here at the same work averages $1.25 to $1.75 per day per man; and there is certainly no reason to consider this class of labor more efficient than the European. It is not skilled in any sense.

The total cost of harvesting and delivering olives in Europe at the factory rarely exceeds $6 to $7 per ton, while our cost is seldom under $20 per ton.

The chairman of the committee and writer of this article is one of the largest growers of olives and manufacturers of olive oil and pickles in this State, and from his practical experience and observation, both from the growers' and manufacturers' standpoint, feels he is competent to form an opinion under existing conditions.

Unless some radical change is made by affording better protection to the industry by an increased tariff, the olive industry from a grower's standpoint must remain in its present condition of stagnation or become practically extinct. The horticultural interests of this State have been forging ahead by leaps and bounds for several years under the efficient tariff protection afforded, olives being, perhaps, the one pronounced contrast, they actually retrograding, the orchards being gradually grubbed out and exterminated to make way for better paying interests. It is safe to say there has not been a single new olive-oil orchard set out in the last seven years. We ask your committee on tariff revision why?

The writer owns 160 acres of olives set out fifteen years ago; 120 acres consists of the mission, conceded the best paying variety. This orchard has had the best of care and attention during its life; it has been in bearing eight years, and during those eight years it shows the

magnificent net income of $1.35 per acre, or an average of 67½ cents per acre on the fifteen-year investment basis. What would a manufacturer in the East think of a similar showing? Do you believe he would appeal to the Government for tariff protection if he knew such would unquestionably make his business profitable?

The bare land, if unoccupied by this orchard, would be easily worth $150 per acre for a number of other purposes. I have seriously contemplated the grubbing out of this orchard many times, but have held on, hoping better conditions would prevail. One naturally dislikes to see fifteen years of his life's energy cast to the winds.

Passing from the grower to the manufacturer, we find him in the same condition. There is absolutely no concerted action among the manufacturers regarding purchases. They are buying in the open market and in open competition. Under this condition they are paying the grower the best possible price; in fact, a price so near the danger line they often make purchases which prove a loss, where the olives do not yield as much oil as anticipated, or for various other reasons, where there is an unexpected damage or shrinkage.

There is no question the manufacturer would gladly pay more to the grower if he had a better market for his manufactured product. The olive requires a longer time to come in bearing than any other crop produced in California; therefore it is one of the most expensive to grow. The handling of the crop requires more hand labor than almost any of the other crops. The conversion of the fruit into oil necessitates the erection of a manufacturing plant involving an extensive outlay, if entered into on a scale of any magnitude.

The eight months a year required for the ripening and curing of the oil to put it in good marketing condition involves a large additional expense of interest, etc. Few, if any, of the other crops adaptable to California require the time and the outlay of the olive. These reasons, if none other, would seem to indicate that the olive industry was entitled to tariff protection sufficient to place it on a parity fully equal to any other product.

There are many things which may be said in favor of a sufficiently protective tariff on olives and olive oil. There are thousands of acres of land in the State of California adapted to the growing of olives; in fact, better for that than for any other purpose, which acreage would be planted if proper protection and inducement were made to show the grower where he would have a profitable investment. There is no reason why California should not raise the olives and manufacture enough oil to supply the United States. At the present time we manufacture less than half a million gallons of oil per year.

Unquestionably the olive industry could be made one of the best in the State of California. We have a great and almost unlimited market for olives and olive oil in the United States, but unless some action is taken to protect and foster this industry and allow it to grow, we can not expect any great result; neither can we blame the grower for taking out his trees when he knows positively that each and every year he raises olives he is going into his pocket after his crop is cured, packed, or manufactured into oil to meet a severe loss not only to himself but also to the manufacturer.

Look at the wonderful development in this State of oranges and lemons under a protective tariff of 1 cent per pound. See how the

yield of walnuts has increased, supplying a good portion of the entire consumption. See how beet sugar factories are being built under an approximate tariff of 2 cents per pound on refined sugar. Are not all these conditions better than sending money abroad?

Eastern people, though they do not produce the above products, insist upon having them the same as they do with olives and olive oil. Then why not formulate conditions to send the money here, and thereby increase our ability to purchase the manufactured products of the East, the majority of which likewise receive protection?

From the foregoing figures it is apparent that the present tariff on olives and olive oil should be at least double. Give us protection on olives (green or ripe) of 25 cents per gallon, and on olive oil of 80 cents per gallon, and then you will see the orchards already planted taken care of and new orchards set out; and you will see this State make the olive industry one of the largest and most profitable that it has.

California, being the only State growing olives, stands alone and unassisted in making this plea; but we claim it is too large and important a matter for the committee on tariff revision to ignore. Submitted to this committee were a large number of replies received from the growers of olives. They speak volumes in themselves, and the farmer is a pretty important man in our national make-up after all.

Respectfully submitted.

James Irvine, *Chairman;*
George C. Roeding,
E. W. Ehmann,
Subcommittee on Tariff Revision.

San Francisco, *October 20, 1908.*

We, your subcommittee on hops, respectfully report that a substantial increase in the rate of duty is imperative for the life of the hop-growing industry in America, which in the past three years has shown the following startling decline: American crop, 1906, 65,300,000 pounds; 1907, 53,600,000 pounds; 1908, 38,800,000 pounds; and which promises much further decline unless Congress at least doubles the present rate of 12 cents per pound duty.

During the past three years (ending June 30) America has imported from Germany and Austria—

	Pounds.
1906	4,300,000
1907	10,100,000
1908	8,500,000

Which displaces American hops to extent of 2½ to 1.

1906	10,750,000
1907	25,350,000
1908	21,250,000

In considering the figures of importations of hops from Germany and Austria, the quantity of American hops they displace must be taken, because, in the use of these foreign hops, the American brewer uses 1 pound of foreign to displace 2 to 3 pounds of the American. The figures of American hops displaced by the foreign is fairly estimated at 2½ pounds to 1 pound.

But for those heavy importations there would not be in America the present surplus of American hops, which surplus and the resulting low prices are the cause of countless American hop growers being ruined and the remainder on the verge of ruin.

Hops are a crop whose cost of production is practically in its entirety made up of the cost of the hand labor that produces it, and by reason of the higher cost of labor in America, and by reason of the much smaller quantity of European hops used to displace a given quantity of American hops, we can not successfully compete with the European hops in our own American market.

America can and will, with proper protection, produce all the hops that America consumes and can also supply a large part of the English demand, for which the hops of some of the American hop sections are particularly adapted. But we must have proper protection to cure the critical condition in which the American hop industry now finds itself. While the American hop industry has been almost cut in two in the past three years, there are still hundreds of thousands of men and women engaged in the industry, and many millions of dollars are invested therein.

The hops that are imported from Germany and Austria show an average valuation during the past ten years of 32 cents (in bond) per pound, while American hops have for three years past averaged less than the cost of production.

European hops are not a necessity in this country and a duty of 24 cents per pound is not out of line with the rate of duty on other products whose importations would ruin our home industries.

Germany and Austria, while able by reason of cheap labor to grow hops much cheaper than they can be grown in America, doubly secure themselves against American importation with a duty of something over 7 cents per pound (which, if converted into displacement of German and Austrian hops at $2\frac{1}{2}$ to 1 pound, would equal $17\frac{1}{2}$ cents per pound) on American hops, thus shutting out every possibility of our shipping into their market the surplus that results in America by our importation of their hops.

Your committee also urges that the duty on foreign beers be raised on account of foreign beers being made from foreign hops. We also propose that the duty on lupuline, hop extract, and other adjuncts of hops, should be advanced in proportion to the proposed advanced duty on hops.

The largeness of the hop industry, ranking fourteenth in importance in the United States, according to the Secretary of Agriculture, and the fact that California is one of the largest producers of hops in America makes the subject of duty on hops a very important one and one particularly for the California Senators and Representatives to handle.

The hop growers of this State and of the country court the fullest investigation into this existing condition. Such investigation will demonstrate the imperative need of the relief which the hop growers herein pray.

Respectfully submitted.

W. E. LOVDAL, *Chairman*,
MAX WOLF,
E. F. WOODWARD, *Secretary*,
Committee.

To the general committee of the State of California on tariff revision.

GENTLEMEN: Your committee on wines and brandies finds that the question of tariff on wines and brandies is very much wider than if considered solely from a commercial point of view. The industries which are concerned in the production of wines and brandies on the Pacific coast of the United States are the immediate cause of the presence here of a large population. This population will be largely augmented, and constitute an important body of industrious American citizens, such as for national reasons it is desirable to concentrate on this seaboard. The climatic conditions of California are, generally speaking, similar to those obtaining in the countries bordering on the Mediterranean Sea. While our products are those of the temperate regions to a large and growing extent, it is obvious that our distinctive productions are the same as those of the before-mentioned Mediterranean littoral. The construction of the Panama Canal, now under way, and the extension of other transportation facilities, if the conditions in California are favorable, will inevitably attract a large population, composed of those who have been engaged in pursuing avocations and in raising crops in which California, among American States, has unquestioned supremacy. If our industries are interfered with by adverse tariff legislation, the present and prospective movement of population will be arrested, and incalculable injury also will be wrought in industries wherein large sums of capital have been invested in the belief that the policy of the United States would undeviatingly tend to their maintenance. This is especially true of wine growing.

The investment in vineyard and collateral industries in California represents an investment at this time of at least $100,000,000. This will be largely increased if the conditions continue favorable. There are 250,000 acres in vines in California, and the value of vineyards, wineries, drying houses, and other establishments connected with grape growing is more than $100,000,000.

With the acreage lately planted and shortly coming into bearing the yield of grapes will approximate 1,000,000 tons per annum, which when manufactured into wine, raisins, or shipped as green grapes have a value to the State exceeding $25,000,000.

To maintain our industries at least the present measure of protection as embodied in the Dingley tariff is indispensable.

The report of the Commissioner of Labor (1900) of the United States, as included in a pamphlet entitled "Wages in commercial countries," officially sets forth the wages of labor in vineyards in foreign countries as follows:

France, daily wage, 43 to 47 cents, or 24 to 27 cents including board; Italy, 39 cents to 48 cents; Austria-Hungary, 32 cents, or 24 cents with board and lodging included.

The wages for vineyard laborers in Spain are even less than those quoted relating to Italy. In the vineyards of California the field laborers are paid $1.75 a day, and they receive per capita not less than $30 a month the year around besides their board and lodging.

Our vineyards are long distances from the eastern markets in the United States. Out of this fact grow many costs which minimize the advantages which the terms of the Dingley tariff bill seeks to confer. All oak for cooperage and all steel that binds the cooperage

together must be imported from the East and pay a high freight rate to the Pacific coast, and another high freight when filled with wine back to the Atlantic seaboard. The freight cost from European wine and brandy producing countries to our eastern points of consumption in the United States is about 2 cents per gallon. We find that the cost of freight on wines and brandies and the cooperage to be borne by California producers amounts to nearly 10 cents a gallon on the average, or more than five times that of their European competitors, which is a heavy handicap against the American producer.

In the grape-picking season in France women and children work in the vineyards at 20 cents a day, while the minimum per diem cost here is $1.75 for the same class of male labor, which is the only kind available. The cost per ton for picking grapes in California vineyards runs from $1.50 to $2.25, and the conditions in the labor market in California have frequently made it impossible to secure help even at these prices.

The United States is made the dumping ground for the surplus of European wines. The importations into the United States of Italian wines have increased 500 per cent in the past four years. This fact alone shows that the present tariff protection is not excessive, even if it is adequate.

In any revision of the tariff there should be included a provision which will prevent the discrimination which now exists in favor of the use of imported wines in the United States for the purposes that are unlawful in the case of domestic wines. Imported sweet wines of 24 per cent alcoholic strength may be imported into the United States at 35 cents a gallon and without any restriction to prevent their use in medicinal preparations. The Internal Revenue Bureau by a regulation prevents the use of domestic sweet wines for medicinal purposes.

Vermuth manufactured in the United States must pay 2.2 cents per degree for alcoholic content, or 52.8 cents per gallon, while foreign vermuth of 24 per cent of alcoholic strength can be imported for 35 cents per gallon, or less than 1½ cents per degree, thus giving the entire vermuth trade to the foreigner. Italian vermuth is made entirely of sweet wines, the use of which is forbidden in the United States. The Italian Government allows an export bounty on vermuth, and California wine makers could supply the home market if encouraged.

The United States duty on wine under the Dingley tariff is 40 cents for wine containing less than 14 per cent of alcohol and 50 cents per gallon on wines of 14 to 24 per cent of alcoholic strength. But by the reciprocal treaties with the United States the duty is reduced, and all principal foreign wine-producing countries can introduce their wines and vermuth into the United States at a flat rate of 35 cents a gallon for wines of 24 per cent alcoholic strength.

European wines imported in glass into the United States in bottles containing more than 1 quart each are subject to a duty of only 4 cents a pint, which is 32 cents per gallon for the excess.

Chile pays an export duty of 8 cents per gallon on its wines, which reduces the protection afforded by the Dingley tariff against Chile, on importations into the United States, by that amount.

The foregoing briefly stated facts ought to be convincing that the present duties on wines are none too high if the present American wine industry is to continue to exist.

In the event of a maximum or minimum tariff rate, the present prevailing rates should be the minimum.

P. C. Rossi, *Chairman.*

To the general committee on tariff revision:

GENTLEMEN: Your committee on minerals respectfully submits that there are several mineral products of California which should be protected by the imposition of duties on materials of the same nature that are produced abroad, and that are competitive with these California products, and that are now admitted duty free to the United States. The facts relating to this general subject are as follows:

California asphaltum.

There are 27 refineries operating in the State of California, which represent a cash investment of approximately $2,500,000.

These refineries produce in the neighborhood of 100,000 tons of asphaltum annually, and their production would be largely increased if marketing conditions justified it. The present production is far too great to be absorbed by the Pacific coast markets, and it has been for some years necessary to sell this product in the East.

Shipments of Bermudez asphalt to our eastern market has prevented in the past, and does prevent our California refineries from obtaining a fair profit for their material. This asphalt can be shipped and laid down at Atlantic coast ports at a freight rate of $3 to $3.50 per ton. The tariff duty on refined asphalt is only $3 per ton. The lowest freight rate on shipments to points east of the Rocky Mountains is $10 per ton, and during the past ten years the average price per ton, net to the refiner, has not exceeded $9 per ton at his plant. The cost of production is practically $9 per ton, so that there has been no profit to the asphalt refiners. For the past two years Bermudez asphalt has been selling in the East as low as $19 per ton, delivered. The freight rate which California asphaltum producers are called upon to pay places them in a position of being compelled to sell their material in the East for practically at cost of production in order to get rid of their surplus asphaltum.

Owing to the low freight rates secured by the Bermudez operators to other parts of the world, it is unprofitable for California asphaltum producers to seek other markets.

California asphaltum has proven itself to be one of the best waterproofing and paving materials in the world. Over 60 miles of streets in New York and Brooklyn are paved exclusively with this material.

The interests allied with Bermudez asphaltum have systematically opposed, through city specifications and through their allied paving contractors, the use of California asphaltum. Seven years ago Bermudez asphalt was selling for $35 to $45 per ton; since that time, due to the production of California asphaltum, the price on Bermudez material has been constantly decreased, until at present it has become a serious problem whether the California refiners can compete

in the eastern markets. Under the present condition of affairs, the California asphalt has established itself in the eastern market and has won on merit alone. The time has come, however, when this industry should have a reasonable protection. We recommend, therefore, that the tariff be advanced on asphalt importations from $3 per ton to $5 per ton of 2,000 pounds weight. Such an advance in the tariff would do no injury to our Government or the people, and with this small additional offset to unfavorable freight rates, it will enable our Californa producers to realize a reasonable profit on this important industry.

Chrome.

The chrome ore produced in the United States comes entirely from California. Some years ago several thousand tons of chrome iron ore was shipped from California to the Eastern States, but shipments ceased because of the lack of low freight rates by sea between San Francisco and New York. Since then the foreign producers of chrome have had practically the entire possession of the American market for chrome.

There are chrome deposits in the following California counties: Glenn, Tehama, Placer, Alameda, Humboldt, San Luis Obispo, and Shasta.

In the last-mentioned county a few hundred tons are reported to be mined annually for lining furnaces at the copper smelters.

The value of chrome consumed in the United States (the figures supplied by the United States Geological Survey being the basis of statistics adduced) in the years from 1897 to 1907, inclusive, was $4,441,753. Under the adverse conditions existing the production of chrome in California since has, in twenty-one years, amounted to 24,013 tons, worth $323,069 only. With a protective duty to shut out chrome from abroad, the California chrome industry would revive and the mineral industries of the United States would be stimulated. The importations of chrome to the United States are duty free. They come from Greece, Canada, New Caledonia, and Turkey.

Soda.

Soda has been produced in California, and there are large soda deposits in this State, the one at Owens Lake being the largest in the world. The importations into the United States in the period included between 1899 and 1907, inclusive, have amounted to 2,293,000 tons. The importations of soda have increased quite largely, being 349,000 tons in 1907, whereas the total importations for 1900 were but 175,000 long tons. The soda production in California has largely decreased since 1901, and is reported to have entirely ceased in 1907.

Diatomaceous or infusorial earth.

There are deposits of diatomaceous or infusorial earth in California, Vermont, and New York States. The largest and purest deposit discovered in the United States is in California. There is an ample supply of such earth in California to take care of the entire American demand for many years to come. The imports from foreign countries are principally from Germany, and they amount from 12,000

to 15,000 tons a year. To this must be added a large quantity and great variety of manufactures made from the earth. The American market ought to be supplied with the home product, and this could be brought about by the imposition of a protective duty, applicable to all countries from which the articles, crude and manufactured, are now imported. The purposes to which diatomaceous or infusorial earth are devoted include the construction of fireproof buildings, insulation of heat, cold, and electricity, filtration schemes of many kinds, pipe and boiler coverings, toilet articles, laboratory uses, and many scientific and chemical uses. As diatomaceous earth can be used in all parts of the United States, the foreign producers ought not to be greatly benefited through American energy, as they will be if diatomaceous or infusorial earth is permitted to come into this country duty free. The present production of diatomaceous or infusorial earth in California is small, owing to the foreign competition. In twenty-one years the total value of the product in California is reported to have been but $194,752, but it ought to be much greater than that annually.

Magnesite.

The only commercially utilized deposits of magnesite in the United States are in California. Magnesite has been mined in a number of California counties. Most of the California magnesite comes from deposits in Tulare County. There are also deposits in Alameda, Fresno, Santa Clara, Sonoma, and Stanislaus counties. There are many deposits in California that are known, but those are utilized only, generally speaking, that are near railroad lines, where cheap transportation is procurable. The consumption of California magnesite has been confined principally to the Pacific coast. Magnesite imports to the United States have amounted in value, between 1897 and 1907, to 506,172 short tons, estimated at $4,275,441.

Your committee has received the following communication from a leading producer of magnesite in California, the Willamette Paper and Pulp Company, which calls attention to the needs of the producers and reviews all the attending conditions.

San Francisco, Cal., *October 20, 1908.*

The Willamette Pulp and Paper Company has been operating at Porterville since December, 1904.

Between dates December —, 1904, and May 9, 1908, we have produced 14,241 tons of raw magnesite, which have yielded 5,888.33 tons of the calcine darticle. The largest portion of this has been consumed by the paper mills of the coast.

Our cost of operation has been as follows: Raw material, $4.934 per ton; calcined, $15.99 per ton, delivered on the cars at our spur track, Porterville, or $18.99 per calcined ton delivered at San Francisco.

We have invested a large amount of money in this industry, and now have practically an unlimited supply of the raw material, together with our calcining plant with a capacity of 6,000 to 7,500 tons per annum, which can be increased if we can secure the business. The demand has not been large on this coast, but is on the increase, as the building arts are beginning to consider its use for many purposes not heretofore contemplated.

While there are a number of other deposits being prospected at this writing, there is not a great deal being produced outside of our operations. We understand that a company has been incorporated at Fresno, which will soon be producing, and there is a deposit at Winchester, near Riverside, which did produce some material and was then closed down. We believe that they have either just resumed operations or contemplate doing so in the near future.

Have not as yet been able to secure accurate data as to quantity which has been produced by others, but, from what I have learned, should judge that 500 tons of the calcined article would probably be an outside figure.

At the present time foreign magnesite is being sold at the following prices f. o. b. New York: Crude, $10 to $12 per ton of 2,000 pounds; calcined, but unground, $14 to $16.50 per ton, according to quantity; calcined and ground, $26.50 per ton of 2,000 pounds.

The freight rate on magnesite from this coast to New York will average about $40 per ton, according to point of shipment, and, based on the cost of production on this coast, as shown in an earlier portion of this report, the delivered price f. o. b. cars New York, without figuring on any profit to the producer, would be as follows:

Crude, $44.934 per ton; calcined and unground, $55.99 per ton; calcined and ground, $65.99 per ton.

The following figures are based upon regular class rates named by the transportation companies. These figures could probably be reduced at least $20 per ton if the producer on this coast were in position to show the transportation companies that a large volume of business would result from such a reduction.

At the present time it is impossible for the producers in this State to compete in the New York market as against the importation from foreign countries, but, with a proper measure of protection which would enable them to largely increase the volume of their production, thereby reducting the cost, there is no doubt but what they would be able to successfully supply the demands in this country.

The ruling wage for competent miners and furnace hands on this coast is from $3 to $3.50 per day, as against the very low wage paid by the foreign operators.

The writer is seeking further data relative to this industry, and will lay the facts before the committee as soon as they come to hand.

Respectfully submitted.

F. G. WIGHT.

Magnesite is used in the manufacture of carbonic acid gas, paper (wood pulp manufacture), and in the making of bricks. Experiments have been made with calcined magnesite as a base for tiles, which is likely to extend the demand for the material. Magnesite is produced in Africa, in Greece, in Italy, and in Venezuela. In the last-named country a concession is reported to have been secured for the exclusive privilege of exporting magnesite for a period of years. A private contract is said, also, to have been made with an American company to take the entire quantity exported from Venezuela. The production of magnesite in California amounted, from 1887 to 1907, inclusive of both years, to 44,278 tons, estimated at $393,515. The value of the production in California in 1907 is estimated at $55,720.

Respectfully submitted.

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Chairman Committee on Minerals for Tariff Revision.

Mr. WOODWARD. Mr. Call is at your service at the present moment.

The CHAIRMAN. You say you have stated in that memorial that you desire the present duties maintained on fruits; for instance?

Mr. WOODWARD. Yes, sir.

The CHAIRMAN. That is the conclusion of your committee?

Mr. WOODWARD. Yes, sir. I will say that the memorial, as filed with the Secretary, has all those reasons embodied therein. There may be some special facts which Mr. Call desires to present with reference to citrus fruits. He has special arguments to present to you in regard to lemons and oranges.

The CHAIRMAN. The memorial states those facts?

Mr. WOODWARD. Yes, sir.

Mr. NEEDHAM. You mean that the duty on lemons should be increased?

Mr. WOODWARD. Yes, sir. Mr. Call desires to make an argument upon that subject.

The CHAIRMAN. Have you made a recommendation for reduction of duty on anything?

Mr. WOODWARD. I have not, Mr. Chairman.

The CHAIRMAN. Your recommendation is that all duties remain as at present, except on lemons, where you desire an increase?

Mr. WOODWARD. Yes, sir; and also on hops.

Mr. UNDERWOOD. Are you familiar with the fruit schedules yourself, or is there some one else present more familiar with the importations of apples, oranges, and fruits of that kind?

Mr. WOODWARD. I will say that personally I am not familiar with any importations.

Mr. UNDERWOOD. What line of business are you personally engaged in?

Mr. WOODWARD. I am personally engaged in the agricultural line of business, in the growth of hops. I am a banker and surveyor of customs at San Francisco.

Mr. UNDERWOOD. Are there any importations of fruits on the Pacific coast?

Mr. WOODWARD. Some fruits come from Mexico and from Central America.

Mr. UNDERWOOD. To what extent do they come in?

Mr. WOODWARD. Not to a very large extent; mostly in the line of bananas and such things.

Mr. UNDERWOOD. Do you raise bananas in California?

Mr. WOODWARD. Very little; mostly in an experimental way. We hope some day to produce bananas for the use of the country.

Mr. UNDERWOOD. Practically all your competition from abroad comes from the Atlantic seaboard?

Mr. WOODWARD. No, sir.

Mr. UNDERWOOD. You say that there are very slight importations at the Pacific coast?

Mr. WOODWARD. Yes, sir: but you understand that a great many of our citrus fruits are shipped to the Atlantic coast and we then come in competition with the importations on the Atlantic-coast.

Mr. UNDERWOOD. Your competition comes through the Atlantic seaboard?

Mr. WOODWARD. Yes, sir: through the Atlantic seaboard.

Mr. UNDERWOOD. What is the freight rate on fruits from the Atlantic seaboard to San Francisco?

Mr. NEEDHAM. That matter will be gone into by the special representatives.

Mr. WOODWARD. I would prefer that the special representatives answer that question.

Mr. UNDERWOOD. Then I will withdraw the question for the present.

Mr. CLARK. In a general way, you want a high tariff on everything produced in California?

Mr. WOODWARD. California is deeply interested in the protective tariff.

Mr. CLARK. Please answer the question. You want a high protective tariff on everything produced in California?

Mr. WOODWARD. In answer to that I may say that we want a protective duty. I am under the impression that the present duties are not high.

Mr. CLARK. The present duties are not high?

Mr. WOODWARD. No, sir.

Mr. CLARK. God Almighty has done a great deal for your State, and the more protection you have the more you want?

Mr. WOODWARD. No, sir.

Mr. CLARK. I think that is exactly it.

Mr. WOODWARD. God Almighty, as you say, has done a great deal for California. At the same time the citizens have done a great deal.

Mr. CLARK. And you still want more?

Mr. WOODWARD. Only in the instance of hops and lemons.

Mr. CLARK. You are interested in raising hops?

Mr. WOODWARD. Yes, sir.

Mr. UNDERWOOD. There are practically no fruits imported to California, are there?

Mr. WOODWARD. Very few; only a few tropical fruits from Mexico and Central America.

Mr. UNDERWOOD. Have you any competition in California?

Mr. WOODWARD. Yes, sir. There are some things that come from Mexico in which we have some competition. Some citrus fruits come from Mexico.

Mr. UNDERWOOD. But as to the other kind of fruit there is no competition in the State of California or along the Pacific coast?

Mr. WOODWARD. No, sir.

Mr. UNDERWOOD. In other words, the duty is prohibitive. On account of the freight rates the competition does not come to your country?

Mr. WOODWARD. You might express it that way. One reason for that is the character of fruits that we produce. Everything produced in the Pacific coast States is not produced outside of America—that is, the Pacific coast territory. To that extent you might call it prohibitive, but it is not, because they do come into competition. Our competition in the East comes through the Atlantic seaboard.

Mr. UNDERWOOD. No foreign apples go into the Pacific coast States in competition with the Pacific coast apples?

Mr. WOODWARD. No, sir; there might be an isolated instance now and then.

Mr. UNDERWOOD. No foreign oranges go into competition with the California oranges?

Mr. WOODWARD. No, sir.

Mr. UNDERWOOD. No foreign pineapples?

Mr. WOODWARD. No, sir; we get the pineapples from the Hawaiian Islands.

Mr. UNDERWOOD. That is not foreign territory?

Mr. WOODWARD. No, sir.

Mr. BOUTELL. The fruit growers in Florida have the same views in regard to the tariff as the fruit growers of California?

Mr. WOODWARD. That is my understanding.

Mr. FORDNEY. You have never known an agricultural product on which there was a duty so high that it injured the industry?

Mr. WOODWARD. No, sir.

Mr. FORDNEY. On the other hand, you have prospered under a protective tariff, and the higher the tariff the more you have prospered?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. How about the fellow who eats the California fruit; the higher the rate the more the man who eats it pays for it?

Mr. WOODWARD. Yes, sir. I may say that I remarked at the breakfast table at the Willard this morning that I never saw fruit so high as it was quoted on the breakfast bill of fare. We sell apples in California for "two bits."

Mr. CLARK. What has that to do with the tariff question?

Mr. WOODWARD. It is the large item of freight across the country.

Mr. CLARK. Mr. Fordney asked you if the higher the tariff the more you did not prosper. The higher the tariff the more the people pay for this stuff out there?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. Then you want Congress to "hold up" the whole United States?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. In order for you people out there to get an excessive profit which you are not entitled to.

Mr. FORDNEY. Is it not true that when fruits were on the free list they were higher than now?

Mr. WOODWARD. Yes, sir.

Mr. FORDNEY. And by consequence of the large crops you are producing in California under the protective tariff, the price has been reduced to the consumer?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. If that is true, should we not take off the tariff on fruits?

Mr. WOODWARD. No, sir.

Mr. FORDNEY. And what is true of fruits, if a favorable opportunity is given to other articles, would be true of the other articles in time?

Mr. WOODWARD. Yes, sir. I will say that under the beneficent influence of a protective tariff California has devoted a very large acreage to fruit and the result has been that she is able to supply the needs of America almost absolutely, and she is exporting fruit to Germany now in quite a large way.

Mr. CLARK. Do you sell the fruit in Germany cheaper than you do at home?

Mr. WOODWARD. No, sir.

Mr. CLARK. Are you sure of that?

Mr. WOODWARD. I am very sure. I do not know what Germany pays when the fruit gets there, but the fruit sold to the dealer and shipped to Germany is not sold any lower.

Mr. CLARK. You are the surveyor of the port of San Francisco?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. And you are drawing your salary?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. And you are here trying to get a higher tariff put on your property?

Mr. WOODWARD. Not on my property.

Mr. CLARK. You stated that you were interested in the growing of hops?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. I asked you if you were not the surveyor of the port and drawing your salary and here advocating the raising of the price on your own property?

Mr. WOODWARD. It might be looked at that way. I am here, chosen by the agriculturists of California, to present their case to the committee. I am here on official business before the department, and the agriculturists wished me to make the representations for them.

The CHAIRMAN. We will hear Mr. Call.

STATEMENT OF MR. A. F. CALL, OF CORONA, CAL.

Mr. CALL. Mr. Chairman and gentlemen of the committee, the citrus-fruit producers of California greatly appreciate this opportunity of presenting to you the facts and figures concerning their industry.

Mr. UNDERWOOD. Please first state what they designate as citrus fruit.

Mr. CALL. Oranges, lemons, and grape fruit we call under the general term "citrus fruit." They all have the same protection—that is, 1 cent per pound.

I may say that our people feel profoundly grateful to the gentlemen on both sides of the House who eleven years ago gave to us our present protective tariff, and we account for our stewardship under this law by showing briefly to you that our industry has now reached such large proportions that it probably is of interest to all those who are interested in the upbuilding of our country and the development of our home industries.

We are now employing 25,000 employees in this industry, at higher wages than any other agricultural business. We are supporting, directly and indirectly, 200,000 people, who are the consumers of eastern products, manufactures and food products, for we do not produce our own food. We are consumers in the same sense that the employees of any manufacturing industry are consumers of farm products of other parts of the country.

We have increased the acreage planted in citrus fruit over 100,000 acres during the last eleven years. We have supplied to the people of this country 100,000,000 boxes of good fruit. We have paid to labor during the last eleven years $100,000,000. We have paid to the railroads for transportation and refrigeration $100,000,000, and after paying for our materials we have paid to the producers of this fruit on an average 4$\frac{3}{8}$ per cent on their investment. Some years we have lost money and other years we have made money, but we have carefully compiled all the statistics which we have placed before you in printed form and from that we have to report that the average profit to the producer of citrus fruit is 4$\frac{3}{8}$ per cent upon actual cost of the groves. This condition would not have been possible without the protection which Congress gave to us.

Mr. UNDERWOOD. Please repeat that statement.

Mr. CALL. We have taken an average of the returns to the producers and it shows, for a period of eleven years, an average of 4$\frac{3}{8}$ per cent on the money actually invested in the business.

This business, although classified as an agricultural business, partakes very largely of a manufacturing enterprise, for it is very largely artificial. All that nature gave us was the climatic conditions and the foundation for the soil, and the citrus-fruit growers have made the rest.

In order to produce citrus fruit in quantity it is necessary, first, to invest millions of dollars in bringing the water for long distances. For instance, in my own colony, where I reside, we spent $500,000 in bringing sufficient water to water 4,000 acres of ground. We have brought that water 40 miles in cement conduits. It cost us $100,000 for a pumping plant, and we pump every drop of water. It costs us $30 an acre for the water. What is true of this colony with regard to the expense of procuring water is true of a great many other colonies in California.

We next have a tree that we have to propagate in nurseries. We have to prepare the ground and set trees out with the greatest care, and we must take care of them for eight or ten years. Then each year we have to prepare and cultivate our irrigation furrows nine or ten times a year for eight or ten years, and to miss any one means a great deterioration. That is, we have to devote a great deal of attention and care for eight or ten years, and by the time we get a grove to bearing it has cost an average of $1,000 an acre. That was found by the Interstate Commerce Commission, after the long hearing, on what are known as the "citrus rate cases." After taking a great deal of testimony, they found it was a fact that the bare cost of a citrus grove after eight years was $1,000 an acre. They also found that the present actual selling value was simply the cost, which shows that we have not had any too much protection.

Mr. UNDERWOOD. Did you arrive at that cost by taking the cost of the land, the planting of the trees, the cost of maintenance, and the interest charges from the time it was originally set out?

Mr. CALL. The actual cost of producing it as found by the commission happened to coincide with the selling market value.

Mr. UNDERWOOD. You did not fix the cost upon what it would produce?

Mr. CALL. Not upon what it would pay. That would depend largely upon the value of the citrus grove. Of course they vary. In some hands they are more profitable than in other hands. That is the average we have taken, and that is the average the commission took in arriving at the value. The cost of the land and trees and the care for eight years equals about $1,000 an acre on an average, and the selling value of a grove is about the same, except where a residential advantage gives it some additional price, where it is close to a city or where it is close to some interurban line that may raise the commercial value of a grove.

Mr. UNDERWOOD. A thousand dollars an acre, that is in excess of the value of citrus groves in Florida?

Mr. CALL. I am not familiar with the conditions in Florida. In Florida they have some difficulties to contend against that we do not have in California. We have a little advantage, perhaps, in climate. They have a freeze down there that hurts them greatly. We never happen to have that freeze in California. They also have an insect pest that we do not have.

Mr. UNDERWOOD. They have an advantage over you in being more accessible to the market?

Mr. CALL. They are nearer and pay a little lower freight rate than we have to pay.

Mr. CLARK. After you get this grove to bearing it has cost you a thousand dollars an acre?

Mr. CALL. Yes, sir.

Mr. CLARK. What net income do you get from an acre after it begins to bear?

Mr. CALL. The average?

Mr. CLARK. Yes, sir.

Mr. CALL. Of course that will vary somewhat.

Mr. CLARK. Of course it will.

Mr. CALL. The average net income from a grove—we have prepared a table showing that for each year, and I have it here—the average net profit per acre is $43.19. The gross income on the average is $208, and the expenses amount to $156.54 plus $8.27 selling expense.

The CHAIRMAN. I would suggest to the committee that it will save time to let the party make his statement complete and then ask the questions afterwards. It may turn out that the questions will be answered before he gets through.

Mr. CLARK. I will accept that suggestion provided you cut off all the prefaces in the nature of the stump speeches.

The CHAIRMAN. This gentleman seems to be making an effort to furnish us with the facts.

Mr. CLARK. Yes; he does.

Mr. CALL. We are here to give you the facts.

The CHAIRMAN. Proceed with your statement and the members of the committee will question you afterwards.

Mr. CALL. We are of the opinion that at the present time the protection given us under the present schedule of 1 cent a pound on oranges is sufficient. We have been able to increase the industry materially. We have doubled the output in ten years. We have doubled the consumption. We have practically all the markets of this country, and importations have greatly diminished. We have fruit that is a little superior to foreign fruit, we think, and we have a little bit more. They can produce it, however, for a great deal less than we can, owing to the difference in the cost of labor. We pay $1.75 to $2.25 for labor in producing citrus fruit. You will gather from what I have already said that labor is a very large item in the production of citrus fruit, two-thirds of the cost perhaps. In Italy and Sicily labor ranges from 30 cents (a franc and a half) for common labor to 3 francs (60 cents) for skilled labor. That is a small proportion of what we pay. After paying the duty the foreign orange grower can lay down oranges in the markets of this country at 35 cents less than we can lay them down. That is, the seaboard markets.

Mr. NEEDHAM. Thirty-five cents a box?

Mr. CALL. Yes, sir; about 72 pounds. That is the railroad weight.

Mr. NEEDHAM. Can you give the freight-rate figures, etc.?

Mr. CALL. The freight rate from California to all points excepting the territory covered by the Southeastern Traffic Association, the southeastern part of this country, is 1 cent a pound on lemons and

1.15 cents on oranges. It makes a rate of about 84 cents a box of 72 pounds on oranges. We call that the "postage stamp" rate, because it is a uniform rate to all points in the Middle West and East.

Mr. FORDNEY. Where does that 84-cent rate take the oranges to?

Mr. CALL. To any point in the United States or Canada except the southeastern part of the United States. The freight rate on foreign fruit is 24 cents—that is, by boat from Italy and Sicily to the seaboard points of the United States. They have an advantage over us of 60 cents on transportation. That does not include the cost of refrigeration. We have to pay about 20 cents a box for refrigeration on about one-half of the product, making an average of 10 cents for refrigeration on top of the freight rate which I have given you. They do not have any deserts to cross. It is cool, and they do not need refrigeration on shipboard. Including refrigeration, they have an advantage of 70 cents on freight, and they have an advantage on the actual cost of production of about 50 cents on oranges and 75 on lemons. They can produce lemons for about half what we can produce them. It costs us about $1.50 on an average to produce a box of lemons and put them on the cars. It costs them 75 cents. I do not need to say that we have either got to have a tariff or go out of business, or employ some kind of labor as cheaply as they can get it. There is no question about that: there is no room for argument.

Mr. FORDNEY. The protection on the oranges just about offsets the freight?

Mr. CALL. Our protection a little more than offsets the freight, but does not offset the difference in cost and freight, not by about 35 cents. We still have a disadvantage of about 35 cents. That operates more strongly against Florida than it does against California, for we can sell our oranges for 35 cents more, at least 25 cents more, than they can sell theirs, but we can not get along with a shadow less. Already the people of this country who know this business are putting their money into Mexico and into Cuba and into other points for the purpose of producing oranges to be sold in our market, for the reason that they can get cheaper labor and can get water transportation. American money is going over to build up this industry against us right now, and we do not know how it will come out, or how soon we may have to come before you and ask an advance in the tariff to protect us.

The lemon industry is on a little different footing from the orange industry, for the reason that the element of labor is very much more expensive. We can put a box of oranges on the car for $1.05 on an average in California. It costs on an average $1.48 to put a box of lemons on the cars. The box weighs a little more and it is a smaller fruit. They have to be picked every month in the year, and the cost of picking is 30 cents a packed box. They have to be carefully handled and put in a packing house to be cured, while oranges are put right on the cars from the grove. It also costs a great deal more for paper to wrap the lemons. The whole result is that it costs $1.48 to put a box of lemons on the cars. It costs the people of Italy and Sicily only 75 cents to put their lemons on the boat to be shipped to the United States—half the money it costs us. With us two-thirds of that cost is for labor: with them it is only one-third labor—that is, the material is about the same here and there, the boxes cost about the same, and the paper about the same. That with our freight rate

leaves them such an advantage in the lemon business that we can not increase our industry under the present tariff.

While we have taken pretty much all the markets of the country in oranges, we have reached the limit on lemons. We are now producing only one-third of the lemon consumption of this country. We produced the same amount seven or eight years ago—about one-third. We have increased to some extent our production, but the increase has only equalled the increase in consumption in this country. We can not go to the seaboard with our fruit. As I said, it costs us $1.48 to produce it and 84 cents to transport it, and if we go to the seaboard we must sell it for less than cost.

Our auction sales last year in New York, Boston, New Orleans, and Philadelphia, those large markets, did not give us over two-thirds of the cost; hardly that. That was only about $1.08 in Philadelphia, $1.13 in New Orleans, and about $1.25 in New York, f. o. b.—that is, after taking out the freight. We can not go into that market. We have a territory that we can supply with lemons, that is the territory west of the Missouri River. We can supply that territory with lemons. We can sell the same lemons as far east as the Alleghenies. We can not sell any lemons east of the Alleghenies or in the southeastern territory except on occasions when the foreigners are not importing. That is, we can not sell them there without a loss. That means that the lemon industry is at a standstill, except as the growth of the population west of the Missouri River in our territory increases. If that population increases we can increase our production to keep pace with the increase of population in that territory, but we are practically at a standstill in the lemon industry. While we produced 5,000 carloads of lemons this year, the foreigners have imported what is equal to 7,000 carloads, or 64 per cent of the consumption of this country. California has the climatic conditions, soil, water, and people to produce a large part of those 7,000 carloads if we had adequate protection, equalling the difference in cost at the point of delivery. Without that we can not do it.

It is desirable, we believe, from an interest in all the people, that the industry should be developed, not only for California, but for all of you, because the lemon is a very necessary and useful household article, and unless we can build up an industry at home we are liable to pay very high prices for lemons. If the people are to depend on the foreign growers of lemons, they are liable to have to pay very excessive prices at times. That foreign country is subject to drought and frost, and when that condition occurs you pay $10 a box for lemons in the United States, as happened a year ago and two years ago in the eastern markets. California can not supply them or begin to supply them, because we have not been given sufficient encouragement to produce them. You depend on the foreign production and you will pay eight and ten dollars a box. If we had an industry at home that would not be necessary. Therefore it is better for the people of this country to produce their fruits at home. It is a point of safety as well as for the material advantage of our people.

In addition to this importation of 7,000 cars of lemons, these people in Italy and Sicily import a great deal of citrate of lime, a condensed form of citric acid, which can be readily converted into citric acid, and they are in a position to supply the country with citric acid. Under the present tariff that duty is very small. That

should be changed. They produce 69,000 carloads and call it lemon. A third of that amount is usually made up of by-products, largely citrate of lime in the condensed form. That is brought in here for 25 per cent ad valorem. We do not know whether the value they put on it at the custom-house is adequate or not, but they get in a great deal of the by-product in that way; and what is more than that, the Government of Italy has built up and fostered a great organization, what we would call a trust, and what, perhaps, some of you gentlemen would get after if we had it in this country. They have created a large corporation with banking facilities to advance money to the citrate growers for the purpose of holding the citrate of lime until the time when they can unload it on this country. That is, when they are a little shy on their green crop they take advantage of that time and load us up with citrate of lime, and the Government sees to it that they have the money to carry this product. Not only that, but they require all the growers under this corporation to sell their product through this corporation or to this corporation, and there is a penalty of 20 per cent on everyone who refuses to do so, and the railroads and transportation companies of the country are held responsible for the payment of that 20 per cent, so they can not move it anywhere without paying the penalty. That is all aimed at us. While they are protecting their people financially and in every other way we are put to the disadvantage of having that stuff loaded onto us at times when their floodgates are open to discourage our growers, and they have had our people so discouraged at various times that they have cut down the trees. We lost 6,000 acres of trees about five years ago. The railroads came to our relief by reducing the freight rate, which gave them some little encouragement. The last two years they have had drought and frost in Italy which has reduced the crop, and for two years they have gotten better returns, but now they have a crop coming in four or five times as big as usual, and their ordinary crop is 69,000 cars the way we measure. We must have a slight additional protection, which the facts and figures which we have filed with you justify, or our business must remain at a standstill.

Now, if there are any further questions, I shall be glad to answer them.

The CHAIRMAN. When does your California fruit first come into the market?

Mr. CALL. Now, we have various varieties of oranges that are coming in all the year round. We commence in the early fall with the northern navel, which lasts until about the 1st of February. That is followed by the Washington navel, which lasts until the 1st of June. Then we have the Valencia, which lasts until November. Then we commence again with the northern navel orange. We are supplying fruit all the time.

The CHAIRMAN. How is it about lemons?

Mr. CALL. We ship the lemons all the year round; we pick them every month in the year.

The CHAIRMAN. The citrus fruits grow practically the whole year?

Mr. CALL. Yes, sir.

The CHAIRMAN. The Italian fruit comes in part of the year?

Mr. CALL. The Italian lemons come in all the year, but the oranges do not come in now to any extent.

The CHAIRMAN. They have no advantage over you in the matter of time?

Mr. CALL. No, sir.

The CHAIRMAN. Your competition from Italy is almost entirely in lemons?

Mr. CALL. Yes, sir.

The CHAIRMAN. Of course, your California oranges are much better than the Italian oranges?

Mr. CALL. We think so, and they will bring more in the market if they arrive in good condition. That is one peculiar feature of the business. They do not bring as much more as they ought to.

The CHAIRMAN. What part of the consumption of oranges do you supply?

Mr. CALL. Florida and California practically supply all the consumption at the present time.

The CHAIRMAN. There are very few imported?

Mr. CALL. Yes, sir; very few imported.

The CHAIRMAN. And as to lemons, about two-thirds.

Mr. CALL. The importations are two-thirds of the consumption.

The CHAIRMAN. How does the freight rate compare with the rate in 1897?

Mr. CALL. On oranges it is 10 cents a hundred less. On lemons it is 25 cents a hundred less. The railroads came to the rescue of the lemon industry to some extent, as much as they could, because it was going down.

The CHAIRMAN. Is there any competition on grape fruit?

Mr. CALL. We are only raising grape fruit for our home people. We do not send any East to speak of.

The CHAIRMAN. You send no lemons east of the Alleghenies?

Mr. CALL. We do send them when they happen to be shy, but everybody wants to sell them above cost.

The CHAIRMAN. What do you lay them down in New York for?

Mr. CALL. For $2.32 a box, actual cost, without including interest on investment.

The CHAIRMAN. What can Italy lay them down in New York for, duty paid?

Mr. CALL. One dollar and eighty-two cents, not including interest on investment. They have us beat on lemons under present conditions.

The CHAIRMAN. What is the freight rate from Italy to New York?

Mr. CALL. Twenty-four cents a box, against our 84 cents a box.

The CHAIRMAN. A difference of 60 cents?

Mr. CALL. Yes, sir; the advantage on freight rates.

The CHAIRMAN. Has not the consumption greatly increased in citrus fruits?

Mr. CALL. It has about doubled in eleven years.

The CHAIRMAN. How does the retail price for these fruits compare in 1897 with 1907?

Mr. CALL. Of course it varies to some extent, year by year, but as a rule oranges are much cheaper now than then. We have filed with the committee the daily commercial reports from newspapers all over the country, in all the cities of the United States.

The CHAIRMAN. I mean the price to the man who eats the orange.

Mr. CALL. It depends somewhat on where he eats it. If he eats it at Delmonico's, he has to pay 25 cents apiece; at the grocery, oranges cost 15 cents a dozen.

The CHAIRMAN. Take New York, for instance. Can you tell the comparative price in 1897 and 1907 to the man who consumes the fruit?

Mr. CALL. It is cheaper now than then. The price is lower on an average, taking it for the year.

The CHAIRMAN. That is what I mean.

Mr. CALL. It is cheaper now than then.

The CHAIRMAN. Does the wholesaler pay more?

Mr. CALL. He pays less.

The CHAIRMAN. The price is lower all the way round?

Mr. CALL. Yes, sir. The retailer is satisfied with less profit, because he sells more fruit.

The CHAIRMAN. Have you been able to cheapen production any since 1897?

Mr. CALL. No, sir; we have not. The production cost has been increased on account of the increase in the cost of labor.

The CHAIRMAN. What percentage?

Mr. CALL. At that time we were able to get labor at $1.50 a day. Now we pay from $1.75 up to $2.25.

The CHAIRMAN. Is that the only increase of cost?

Mr. CALL. The box material has increased also, and the paper a fraction of a cent. The box material has increased about half a cent to the box.

Mr. UNDERWOOD. I want to ask you what kind of labor is used in the development of the citrus industry in California.

Mr. CALL. It is nearly all white labor if we can get it. A few people are compelled to employ orientals.

Mr. UNDERWOOD. What percentage of oriental labor is used in the industry?

Mr. CALL. I could not give you that. It is a very small per cent in our county.

Mr. NEEDHAM. When they employ orientals they pay them the same wages?

Mr. CALL. They pay them about 15 cents less than the lowest white labor receives. They can not perform the work of the artisans required in the work; that is, the skilled labor. A large part of it can not be done by them.

Mr. UNDERWOOD. Is there any advantage in the amount of labor done between the American laborer and the oriental laborer? Does the American laborer produce more results for the same pay?

Mr. CALL. The white labor is more trustworthy, and you can teach them better, and they comprehend quicker, and they are more reliable. They are preferable.

Mr. UNDERWOOD. As to units of value, do they turn out any more than the white man?

Mr. CALL. White men will turn out a little more.

Mr. UNDERWOOD. Are you familiar with the cost of citrus production in Italy?

Mr. CALL. Only as I get it from the consular reports.

Mr. UNDERWOOD. Is the labor in California more efficient, so far as producing units of value?

Mr. CALL. It is about the same. The Government of Italy has a school, a horticultural university, in which they educate their people free of charge in that business. They are very skillful. They know their business.

Mr. UNDERWOOD. I want to ask you if this is about right as to the value of a pound of lemons in these various years: 1898, 1.9 cents per pound. For the year 1898—that is, the year after the Dingley bill was enacted.

Mr. CALL. I could not give you that from memory.

Mr. UNDERWOOD. I am reading from the government reports. I want to see if your testimony will conform to it. In 1907—that is, last year—it was 2.8 cents. Is that about right?

Mr. CALL. Yes; I think that is about right. During that year and the year previous all Italy and Sicily was suffering from a short crop, and they did not have much for exportation. This country suffered by reason of it.

Mr. UNDERWOOD. I see that in 1906 the valuation, as given here by the report, was 2.1 cents a pound. Is that right?

Mr. CALL. Yes; that is about right.

Mr. UNDERWOOD. Then your statement a while ago that there had been a decrease in the cost of units of value in the lemon industry since the enactment of the Dingley bill was a mistake, if these figures are correct?

Mr. CALL. I think you misunderstood me. We were talking about oranges. The value of lemons has been more uniform, and it depends largely on the crop conditions on the other side. One-third of the crop can not make the market. It is the two-thirds that make the market.

Mr. UNDERWOOD. What does a box of lemons weigh?

Mr. CALL. Eighty-four pounds.

Mr. UNDERWOOD. And a box of oranges?

Mr. CALL. Seventy-two pounds.

Mr. UNDERWOOD. Now, you sell your lemons, you say, all west of the Allegheny Mountains as your natural market?

Mr. CALL. You might say our lemon territory is divided into three zones. That part west of the Missouri River is our market. Between the Missouri River and the Alleghenies is a mixed market, where it is a fight for the market, a fight every day. That part east of the Alleghenies is their market, which we can not go into except on rare occasions, and sometimes we do it at a loss.

Mr. UNDERWOOD. The consumption of lemons in this country is about even among the population, is it not; or is there any particular part of this country that consumes more largely of lemons than any other part?

Mr. CALL. I think the consumption of lemons has increased more rapidly than the population has increased.

Mr. UNDERWOOD. I mean in Minnesota, for example, do they consume as many lemons per capita as they do in Alabama?

Mr. CALL. I think the climatic conditions have something to do with it. They will consume more in a warm climate.

Mr. UNDERWOOD. There is no material difference, however?

Mr. CALL. No; because oysters and fish require a considerable supply of lemons, and then in the case of fevers and grippe colds it is a great medicine.

Mr. UNDERWOOD. Then, with Indianapolis, Ind., being the center of population, you have about one-half of the population of the United States where the present tariff bill gives you a prohibitive control of the lemon trade?

Mr. CALL. No; that is wrong in the premises. I said that part of the country lying west of the Missouri River was our part of the territory, our territory. That is where the tariff protects. But that part between the Missouri River and the Alleghenies is fighting territory. When we get into that country it is at a loss at times and at times with a small profit.

Mr. UNDERWOOD. When you get near to New York and to the Atlantic seaboard the advantage is in favor of the foreign ship, and the nearer you get to California the advantage is with you?

Mr. CALL. Yes.

Mr. UNDERWOOD. So that, as a practical fact, the advantage in this disputed territory west of Indianapolis ought to be your way, and nearer to the Atlantic seaboard it ought to be in favor of the importer, coming back to our proposition?

Mr. CALL. The farther you get west of Pittsburg the better it is for us.

Mr. UNDERWOOD. It strikes me, then, you have about one-half of the United States where you do not have competition.

Mr. CALL. About one-third. We produce about one-third of the consumption, and in seven years we have been able to increase only 3 per cent. They produced 64 per cent about seven years ago in their consumption, and they produce 67 per cent now. Last year was the biggest importation in the history of the business by 400 000 boxes.

Mr. UNDERWOOD. The lemons at present are a considerable revenue producer to the country, are they not?

Mr. CALL. Revenue producer to whom?

Mr. UNDERWOOD. To the Government. The Government collects something like a million and a half revenue from them.

Mr. CALL. I think they do collect a good deal, and I think it is collected at our expense. We are paying that. We are paying too much money when we do it.

Mr. UNDERWOOD. The question is whether you sell yours at the expense of the people. Now, the duty on oranges is practically prohibitive, is it not? There is no importation, is there?

Mr. CALL. Not to speak of.

Mr. UNDERWOOD. What is the total production of oranges in this country?

Mr. CALL. It is about 30.000 carloads; hardly that. I will give it to you in boxes. The production of California in oranges last year was 10.486.000 boxes, and eleven years ago it was 5,371,000. It has about doubled in the eleven years.

Mr. GAINES. That is boxes?

Mr. CALL. Yes; that is boxes.

Mr. UNDERWOOD. What advantage of cost, both in the cost of production and freight rates, have you in the city of New York over the foreign market?

Mr. CALL. They have an advantage over us of 35 cents.

Mr. UNDERWOOD. Where do they reach the territory where they can not compete with you?

Mr. CALL. If the quality was the same, it would be about Chicago. It would be about where we would be on about an equality.

Mr. UNDERWOOD. But you have an advantage in the quality?

Mr. CALL. Yes, sir.

Mr. UNDERWOOD. And for that reason very little is shipped in?

Mr. CALL. Very little is shipped in. People prefer our oranges just about to the extent of that 35 cents. Thirty-five cents is about our average rate in excess of theirs—what ours exceeds theirs.

Mr. UNDERWOOD. If the rate on oranges was reduced to three-quarters of a cent a pound—that is, three-fourths of a cent instead of 1 cent a pound—what effect would it have on the industry of this country?

Mr. CALL. I think if it was maintained for any length of time it would have a disastrous effect. Probably it would not for the first year, because we have now the market and it is pretty hard to change the market, but they could do it in the course of time.

Mr. UNDERWOOD. Would that rate let in any more oranges than the 1-cent rate lets in lemons into the country?

Mr. CALL. No, sir. I do not think it would be as disastrous as the 1 cent on lemons.

Mr. UNDERWOOD. The orange industry could thrive better on three-quarters of a cent on oranges or as well as the lemon industry can thrive with 1 cent on lemons?

Mr. CALL. It could for the present, but it would lead to an enormous development in Mexico and Cuba and the surrounding countries, so that in a short time it will be disastrous to the California interests.

Mr. UNDERWOOD. That is speculative, is it not?

Mr. CALL. No, sir. They are doing it now. There are thousands of acres being planted to-day, even now, on the 1 cent duty.

Mr. UNDERWOOD. Are not the Florida or California oranges better than any others in this country?

Mr. CALL. The Florida orange perhaps is not. I do not think there would be any distinction between the Florida and the imported fruit.

Mr. UNDERWOOD. That would put them on an equal basis—three-quarters of a cent—and lemons at 1 cent, would it not?

Mr. CALL. I think in the course of a few years it would be about the same, but for the present it would not be as disastrous as the 1 cent on the lemons.

Mr. UNDERWOOD. And that would be a source of revenue to the Government, whereas it is not producing any revenue now?

Mr. CALL. Yes.

The CHAIRMAN. Oranges are coming in now from Cuba at eight-tenths of a cent.

Mr. CALL. The importations are small, but the plantings are very heavy. Since reciprocity with Cuba, American and Canadian capital has gone down there and developed an immense planting, and in a short time, if that should be maintained, it would be disastrous to Florida and very harmful to California.

Mr. UNDERWOOD. The grape fruit is practically an American product, is it not?

Mr. CALL. I am not familiar with grape fruit, but I think grape fruit thrives wonderfully well in Cuba. That is my impression, but I would not care to testify on that point.

Mr. UNDERWOOD. The present tax on grape fruit is prohibitive?

Mr. CALL. I could not tell you very much about grape fruit. I am not familiar with it.

Mr. CLARK. How long have you been in the fruit business in California?

Mr. CALL. Twelve years.

Mr. CLARK. Has the cost of production increased or diminished?

Mr. CALL. The cost has increased.

Mr. CLARK. What made it increase?

Mr. CALL. The increase in the price of labor.

Mr. CLARK. Have you ever made a study of the proposition that there ever would come a time when the California fruit industry would become self-sustaining without a protective tariff; and if so, when?

Mr. CALL. There will be one time when they will have to do it, and only one, and that is when the Democratic party comes in and wipes out the tariff and the cost of labor is reduced to 25 cents a day. [Laughter.]

Mr. CLARK. You think that is an answer?

Mr. CALL. I think that is a square answer. That is the only time it will come—when the cost of labor is reduced to 25 cents a day.

Mr. CLARK. I think it was an impertinent kind of stump speech.

Mr. CALL. I do not think so.

Mr. CLARK. The theory of protection as propounded by Henry Clay was that it protected infant industries and the time would come when they would get to be self-sustaining. Do you think the time will ever come when the California fruit industry shall stand on its own legs without protection?

Mr. CALL. Never, until the labor cost is reduced to the level of Europe.

Mr. CLARK. You have got to keep up this thing always, then?

Mr. CALL. Yes; unless you want to pay labor 25 cents a day.

Mr. CLARK. Do you pay the Chinese and Japs as much as the American labor?

Mr. CALL. No, sir; 15 cents less.

Mr. CLARK. Everybody uses Japs who can?

Mr. CALL. No, sir; nobody uses them who can get along without them.

Mr. CLARK. Why do they let them in from the Sandwich Islands?

Mr. CALL. We do not allow them in our county. I am not very well up on the Hawaiian labor question.

Mr. CLARK. Are there any other counties where the fruit industry in California could be sustained without a protective tariff?

Mr. CALL. I am not familiar with other counties.

Mr. CLARK. Where do you get your boxes?

Mr. CALL. From Oregon and California and Washington.

Mr. CLARK. They are made on the Coast?

Mr. CALL. Yes. We make our own boxes on the Coast.

Mr. CLARK. It was testified here the other day that the wine casks and barrels used in the California wine industry were made in the East.

Mr. CALL. We make our boxes on the Coast.

Mr. FORDNEY. I believe you said, Mr. Call, it would cost the California lemon growers $2.70 a box to deliver in New York, and that the Italian could deliver it there at $1.84?

Mr. CALL. Yes, sir.

Mr. FORDNEY. Would the price of lemons in New York warrant your shipping them there if it were not for the competition? In other words, do the people of New York get the lemons there cheaper except on account of competition?

Mr. CALL. That would depend on the times. At times they would pay more. At other times they would pay less. The trouble with the New York people—that is, the consumers—is that they are handicapped there. They are dependent on the foreign trade, because the tariff freezes our trade out of their market, and at times they have to pay from $8 to $10 a box for lemons, so that the consumer has to pay a higher price than if he could eat California lemons all the year round.

Mr. FORDNEY. Labor conditions being the same, with no increase in the cost of labor in the next ten years, if you add another cent a pound protection on lemons could you furnish lemons cheaper than you do to-day?

Mr. CALL. If we had another cent, we probably could not produce them any cheaper, but we would be able to increase our acreage so that the production would almost equal the entire consumption of this country, and it would be a uniform production at a uniform price, and on the whole cheaper to the consumer than under the present conditions.

Mr. FORDNEY. There would never come a time, if you got your orchards large enough to supply all the people of the United States—there would never be a time come when lemons would be $10 a box?

Mr. CALL. Never a time like that would come if California would produce all the lemons consumed in the country. It would be the same as with the oranges. As to oranges, we have been able to decrease the cost of the fruit and give the public better fruit by reason of the protection we have had in ten years.

Mr. FORDNEY. And if a time should ever arise when you could supply all the lemons in the United States which the public would consume, it would be better for the masses of the people to keep that money at home rather than send it abroad?

Mr. CALL. I think it would be. It is not only a matter of financial importance to the whole country, increasing very largely the number of consumers of eastern products, but you would get a better article, and cheaper on the average, and uniform throughout the whole country. There has been practically a uniform price on oranges.

Mr. FORDNEY. Mr. Call, if the duty was removed absolutely from lemons, you would have to go out of business, and it would be the same in the case of oranges?

Mr. CALL. There is no doubt of it. It is an artificial business, requiring too much labor ever to compete against that cheap foreign labor. It can not be done. There are no patriots in this country who are willing to go to work and produce oranges and lemons at a loss simply for the benefit of people here.

Mr. McCALL. Mr. Call, what is the usual number of lemons in a box?

Mr. CALL. The average is about 330 or 360. The market prefers a box containing about 300 or 360—25 or 30 dozen.

Mr. McCALL. How much is the specific duty now on lemons?

Mr. CALL. The ad valorem?

Mr. McCALL. No. How much on each lemon?

Mr. CALL. Now it is a little less than 3 cents a dozen. With the increase it would be 4⅜ cents a dozen.

Mr. McCALL. It is about a quarter of a cent a lemon?

Mr. CALL. Yes, now; and we would increase it to about a third. It is a little less than a quarter of a cent.

The CHAIRMAN. Suppose we put the duty at a dollar and a quarter—a cent and a quarter a pound. Don't you think you could squeeze a little more out of the people west of the Alleghenies and give us people east a little cheaper lemon—put it up a little higher to them, and so give us people of New York a chance to eat California fruit?

Mr. CALL. We would like to do it, because it would be good for everybody to eat it.

Mr. BOUTELL. West of what, did you say?

The CHAIRMAN. West of the Allegheny Mountains.

Mr. BOUTELL. We would object to that. We have no objection to squeezing the lemon, but we would have objection to your squeezing us. [Laughter.]

Mr. FORDNEY. It is not your fault that you are not doing that now?

Mr. CALL. No, sir. We are losing money all the time to get our California lemons in there. If you give us sufficient tariff, we will give you a uniform price all over the United States, and it will be cheaper than the price you now pay, and uniform throughout the whole country, and with it will extend the market for farm products of the West. You will also have the satisfaction of knowing that the money is kept at home, and you will be protected from the droughts and frosts that occasionally put the price up to $10 a box for lemons.

Mr. UNDERWOOD. That has not been the history under the Dingley bill, if these figures are correct?

Mr. CALL. No, sir; because the tariff is not high enough to furnish us the protection. If the tariff had been perhaps a cent higher, the condition would be the same with lemons as it is with oranges. It takes double the labor to produce a box of lemons that it does a box of oranges.

Mr. CLARK. What you really want, Mr. Call, is a prohibitive tariff, is it not?

Mr. CALL. We would like to have a tariff sufficient to give us a living out there in California and fill all sections of this country with our fruit.

Mr. CLARK. You understand the word prohibitive?

Mr. CALL. Yes.

Mr. CLARK. What you really want is a prohibitive tariff, is it not?

Mr. CALL. No; that is not exactly correct, if you want an exact answer. It is not exactly correct. We want a tariff that will give us enough to produce that fruit for substantially all the markets of this country; that is, where we could reach out and supply the markets at some standard rate; and nearly all the people would be satisfied. Why is it not better to produce what we eat here at home?

Mr. CLARK. This is not the place to argue the tariff question. We are here to get the facts.

Mr. CALL. I beg your pardon; I tried to answer you.

Mr. CLARK. These lands that you have planted in lemons now would produce oranges just as well, would they not?

Mr. CALL. I think they would.

Mr. CLARK. Why don't you go to raising oranges there?

Mr. CALL. There was a great many thousand acres turned over to oranges in that portion of the State where oranges would thrive when people found that this tariff was not sufficient to protect them, and they began butting over from lemons to oranges.

Mr. CLARK. You convert lemon trees into orange trees?

Mr. CALL. No, sir; we convert lemon trees out of orange trees. We convert oranges into lemon trees.

Mr. CLARK. If you could do that, and if the soil is calculated to produce one equally wéll with the other, why don't you put the whole thing into oranges?

Mr. CALL. I will tell you. There will be a portion of it—if Congress is of opinion that they would prefer to buy foreign lemons rather than the home product—where we can do it. We will do it in every section of California where we can do it, but there are some sections where we can not do it, and there are some trade districts in the West for which we can still afford to raise lemons under this tariff.

Mr. CLARK. The truth is that where you can confine yourselves to your natural market you are making money, both on lemons and oranges, are you not?

Mr. CALL. If we could confine ourselves to our own territory we could make a little money on both oranges and lemons. We could make about 4 per cent.

Mr. CLARK. Can you raise lemons enough to supply the western market, west of Pittsburg, for instance? Could you take the whole market and drive the Italians out of that market?

Mr. CALL. We can not drive them out with this duty, west of Pittsburg.

Mr. CLARK. You can drive them out west of the Wabash, can you not?

Mr. CALL. We can drive them out west of the Missouri River, and the remainder of that territory is fighting ground.

Mr. CLARK. Can you drive them out as far east as Chicago?

Mr. CALL. Not entirely.

Mr. CLARK. Have you not as cheap rates from the West to Chicago as these fellows have from the East to Chicago, adding the freight rates from Italy?

Mr. CALL. No, sir.

Mr. CLARK. A while ago you testified that by the time you got this land irrigated and planted and waited eight years you could get a net profit of $43 and something per acre.

Mr. CALL. Yes.

Mr. CLARK. In estimating that $43 and something per acre did you count in as debit the interest on that plant?

Mr. CALL. No, sir; no interest at all, neither on the groves nor the packing houses. That is our interest. It is equal to about 4$\frac{2}{5}$ per cent of the cost.

Mr. Clark. This land that you are using for lemons is valued at a preposterously high rate, is it not?

Mr. Call. No, sir.

Mr. Clark. How much more of the surface of California is susceptible of irrigation?

Mr. Call. It is a very large area, if you had the water.

Mr. Clark. Yes. How much water have you got out there if you could irrigate all of California? If it was all good under irrigation, if you got water enough, then how much would you increase the area?

Mr. Call. I could not tell you that. You see we are limited by the amount of water we have got. I could not tell you what area would be adapted to this industry. We have not worked that out.

Mr. Clark. In the last ten or fifteen years, since you got started in this citrus-fruit industry in California so as to make it grow, this citrus-fruit business has been encroaching on almost every other agricultural or horticultural business in California, has it not, and has taken away gradually the land used for other things before?

Mr. Call. Oh, I think that land could have been used for grain occasionally. We use these high lands, the high mesas, for this citrus fruit. It is an arid land. We can raise there barley, perhaps, two years out of three, and that is about all that it is good for.

Mr. Clark. About how far north in California do you raise citrus fruits?

Mr. Call. We raise them in Butte County and in Tulare—we call that north, but it is really pretty far south.

Mr. Clark. What is the name of that big valley up there where they used to raise so much wheat?

Mr. Call. The San Joaquin Valley?

Mr. Clark. Yes. Is it not true that they have been agitating a scheme of converting that entire valley into this fruit business by irrigation and taking water out of that river?

Mr. Call. I do not know what the boomers may have done. I have not heard of their doing that. There are a lot of schemes all through the West of one kind or another in that line. I can not keep up with them. They are raising a good many oranges up in that county, in Tulare County, by pumping water. They get up into the mountains there below the frost line, and they are raising a good many oranges in that arid country.

Mr. Clark. You have to irrigate all of this land where they raise oranges?

Mr. Call. Yes; every foot of it, and it takes seven or eight years before we can get any returns from it at all.

Mr. Randell. Mr. Call, is not the freight rate very high?

Mr. Call. Yes.

Mr. Randell. Have you not tried to get it reduced?

Mr. Call. We had hearings before the Interstate Commerce Commission when it was a dollar, and they ordered testimony to be taken and the railroads gave us a reduction. Now we have 300 miles of haul and their rate is less than a cent per ton per mile. The cars are expensive to build and they have to haul them back empty part of the time. I doubt if they are not now pretty close to bedrock on that proposition.

Mr. RANDELL. What assurance have you, if you had a higher tariff, that the freight rate would not be increased to take all of it in?

Mr. CALL. The railroads have got pretty near past the day when they can increase the freight rates materially.

Mr. RANDELL. Are they so high that they can not go any higher?

Mr. CALL. I do not think the sentiment of the country would permit them to raise the freight rates on citrus products.

Mr. RANDELL. Do they not charge more for this product than on the regular freight?

Mr. CALL. I am not competent to answer that.

Mr. RANDELL. If you want relief out there, you ought to answer that question.

Mr. CALL. I have not been engaged in that controversy. I presume the people who have had charge of it have investigated it.

Mr. RANDELL. Do lemons keep long, if properly cared for?

Mr. CALL. If properly cared for on that coast we can keep them two or three months without deterioration. You can not do it here, and you can not do it under ice without deterioration. Over there,

Mr. CALL. If properly cared for on that coast, we can keep them two or three months without deterioration.

Mr. RANDELL. You think the tariff ought not to be raised unless the country proposes to make it a permanent thing?

Mr. CALL. It will have to be continued until we get cheaper labor.

Mr. UNDERWOOD. What effect will the building of the Panama Canal have upon the freight rates to the eastern seaboard?

Mr. CALL. That will depend, of course, on who controls the steamships.

Mr. UNDERWOOD. You expect to get cheaper freight rates, do you not?

Mr. CALL. That is the expectation of people who ship that way, but whether or not it will make a difference on citrus fruits is a question.

Mr. UNDERWOOD. It will not cost more by water to ship from California to New York than to ship from Italy?

Mr. CALL. No. It would not be material from there, and if the service could be got in reasonably quick time to the Atlantic seaboard our products might be moved in that way. If our steamships were not now controlled by people hostile to our interests, we might possibly get a lower rate; but just now let me tell you this, that the steamship companies carrying foreign lemons over here are working just as hard as they can against us. The Clyde Line steamers, for example, are working against the California business because they do not want to lose that haul on lemons, and they are joining with the whole Dago nation to beat us out of the business.

Mr. UNDERWOOD. I was only asking you that in a speculative way; but if in all human probability the canal is finished in five years, it may revolutionize the freight rates after that between California and the eastern seaboard.

Mr. CALL. That is so far ahead and so speculative that no man should take it as a fact what effect there would be.

The CHAIRMAN. It will be a long time before you have transportation lines and fruit vessels between California and New York equal to those now between Europe and New York?

Mr. CALL. Yes, sir.

The CHAIRMAN. You will have time to revise the tariff several times before that, will you not?

Mr. CALL. Yes. We would have time to be dead and buried and have the sand blowing over our graves before that.

Mr. FORDNEY. You have reached the limit in your industry where you must either get greater protection or else lower the cost of labor?

Mr. CALL. Yes, sir.

Mr. FORDNEY. And you believe that, if given more protection, you can supply the eastern part of the country with lemons without any further cost?

Mr. CALL. At a less average cost. There would be times when they would be cheaper, and times when the price would perhaps be higher. The foreign importers could sell lemons so cheap as to beat us out of business, and then afterwards, of course, they would raise the price. The business now is in the hands of importers in New York who are trying to kill us off, and in that effort they are paying out big money.

Mr. HILL. How many acres of ground do you raise citrus fruits on?

Mr. CALL. Two hundred and fifty acres.

Mr. HILL. Do you sell your own product?

Mr. CALL. Yes; I sell my own product.

Mr. HILL. A buyer in Hartford, Conn., for example, could buy your crop, could he? You are not under obligations to sell it to any particular place, are you?

Mr. CALL. I can sell it wherever I see fit.

Mr. HILL. You are not under obligations to sell it to the Fruit Growers' Association?

Mr. CALL. At the present time I am selling through them, but you know that is not an organization that sells anything. They appoint an agent, and they ship to that agent, and I put my own price on my fruit and receive my own returns.

Mr. HILL. Is not the price of fruit fixed by the association?

Mr. CALL. No, sir; every grower fixes his own price in connection with what the consumer is willing to pay. You know it takes two to make a bargain.

The CHAIRMAN. The grower fixes it if he can get it?

Mr. CALL. Yes; just like any other man, the consumer makes his offer and the grower accepts it if he sees fit.

Mr. CLARK. Was not your answer to Mr. Fordney's last question inconsistent with the answer you made to one of my questions? You told him that unless the tariff was raised on lemons you had reached the limit of the lemon industry of California, and you had told me a while ago that you were converting a great number of acres of orange trees into lemon trees?

Mr. CALL. No, sir. That is just where you got it wrong two or three times already. I told you that four or five or six years ago the people engaged in raising lemons were so discouraged that they had converted their lemon orchards into orange orchards.

Mr. BOUTELL. Are you engaged in the manufacture of secondary products, making marmalade and preserves, and so on?

Mr. CALL. No, sir; not as a commercial proposition.

Mr. BOUTELL. Is there any secondary manufacture in any of the products of lemons, with citric acid?

Mr. CALL. We do not make them.

Mr. BOUTELL. You only ship the lemons?

Mr. CALL. Yes, sir.

We have left, Mr. Chairman and gentlemen, two or three boxes of oranges and a box of lemons in the anteroom back there [indicating], and we will be glad to have you gentlemen sample them, and we thank you for your consideration.

Mr. CLARK. That is the best thing you have said yet. [Laughter.]

Mr. DALZELL (acting chairman). The next witness is Mr. J. C. Chase.

STATEMENT OF MR. JOSHUA C. CHASE, OF JACKSONVILLE, FLA.

Mr. CHASE. Mr. Chairman and gentlemen of the committee, before beginning I would like to know whether it would be the pleasure of the chairman to hear me on citrus fruits, and then follow it with pineapples and vegetables in their natural state?

Mr. DALZELL. Take your own course, Mr. Chase.

Mr. CHASE. Thank you.

Mr. UNDERWOOD. You are from California, Mr. Chase?

Mr. CHASE. No; I am from Florida.

I would like to open my remarks by reading a telegram that I received this morning from the Jacksonville Board of Trade:

JACKSONVILLE, FLA., *November 17, 1908.*

J. C. CHASE,
Care of Hotel Raleigh, Washington, D. C.

At special meeting board trade held to-day following resolutions unanimously adopted:

Whereas the Committee of Ways and Means of the National Congress is now considering a revision of the tariff;

And whereas the Florida fruit and vegetable growers fear that the tariff on pineapples and citrus fruits may be abolished or reduced: Therefore

Be it resolved, That the Jacksonville Board of Trade heartily indorses the efforts of the Florida Fruit and Vegetable Growers' Protective Association to see that, if any changes are made at all, the tariff be increased.

Be it also resolved, That we delegate Mr. J. C. Chase, a member of this board, to represent us at the meeting of the Committee of Ways and Means and convey to them the views of this the largest commercial organization in the South.

H. H. RICHARDSON.
Secretary Board of Trade.

The Florida Fruit and Vegetable Growers' Protective Association comprises in its membership fully 75 per cent of the orange and pineapple growers and a large percentage of the vegetable producers. I was requested to appear before your honorable body to present in a concise form, for your consideration, facts and figures surrounding these Florida industries, representing estimated values as follows: Vegetable and garden products, $4,420,392; fruit crops, $7,773,500.

These figures are taken from the Florida Quarterly Bulletin of April, 1908, prepared by R. E. McLin, state commissioner of agricutlure, in 1906. They are not the latest figures. They do not cover the figures of 1907, but of 1906. The crop of 1907 was possibly larger that that of 1906, and more valuable.

The Florida citrus industry is divided into two periods, the first being prior to 1895, and the second being from that date to present time. Shipments for the season of 1884–85 were estimated at 600,000 boxes, and the quantity increased rapidly during the next ten years,

and would have exceeded 7,000,000 boxes for the season of 1894–95 had the State not been visited by a series of blizzards that practically annihilated the industry, ruining prosperous communities, and making it necessary to reinstate the trees except in certain favored localities of limited acreage.

The crop for the succeeding season, 1895–96, only amounted to 75,000 boxes. Since then some of the old groves have been brought back into bearing and a large new acreage has been planted in hundreds of places in the South, practically exempt from frost damage, and we now have an estimated crop of from 4,500,000 to 5,000,000 boxes of oranges and grape fruit. In one extreme southern county, Lee County, in the frost belt, it is estimated that trees are coming into bearing capable of producing in the next few years fully 1,000,000 boxes of oranges and grape fruit.

I was just mentioning these figures to show that the Florida industry was at one time wiped out and now is brought back again, and will be in a very short time where it was prior to the frost of 1894–95.

Florida's misfortune was California's opportunity. It is unnecessary to state that the rebuilding of the citrus industry in Florida and its extension in California would never have been brought about had it not been for the wisdom and foresight of the Government in protecting the industry by enacting the present tariff duty of 1 cent per pound.

As far as Florida orange growing is concerned, the protection then essential is now absolutely necessary for its continued existence. Owing to favorable climatic conditions, California can produce different varieties of oranges, some of which can be held on the trees during the summer and fall months, and California can furnish oranges to the markets of this country every day of the year. The freight rates granted to the California growers have also favored and fostered the industry, and practically driven Florida oranges from the largest and most important consuming markets of the West, and compelled Florida to sell the bulk of her orange products in the markets of the Southern and Atlantic coast States. Here Florida citrus fruits come into direct and severe competition with oranges from Jamaica, Cuba, Porto Rico, Bahamas, Arizona, Mexico, and European orange-producing countries.

With the increase in the orange production from all sections, Florida growers find the cost of production increasing, with the product constantly decreasing in market value and net results to the producer. Oranges and grape fruit can be grown more cheaply in Cuba and Porto Rico than in Florida, and freight rates also favor both those islands. For instance, the freight rate on a box of oranges from an average locality in Florida by rail to Jacksonville and by the Clyde Line to New York is 60 cents per box. A box of the same weight is transported to New York from the following places as follows [reads]:

	Cents per box.
From Jamaica to New York	31½
From Habana to New York	31½
From Porto Rico to New York	26½

Mr. Underwood. You have not included your freight in your Habana charge, have you?

Mr. Chase. You mean down to the coast?

Mr. UNDERWOOD. Yes. You included that in the Florida charge.

Mr. CHASE. I did not include all of that in the haul, shipping from Florida. As to a great deal of that product grown in Porto Rico and Cuba and Jamaica, the places where it is grown are small, and they have comparatively good roads there, and their hauling charge would practically offset our hauling charge. We recognize there is a hauling rate. Some of the groves in Florida are so remote from transportation that it costs 20 cents a box to haul them from the groves to the nearest railroad station, and the roads are so poor that teaming is expensive. They can only take a limited number of boxes at a load.

In Cuba labor can be employed at 80 cents a day from sunup to sundown.

Mr. POU. Did you say 80 cents?

Mr. CHASE. Yes; 80 cents.

In Florida the same class of labor has to be paid from $1.50 to $2 per day of eight to nine hours. The Florida growers pay tribute to syndicates supplying food and grain products, fertilizers, farming implements, crate material, paper, nails, and transportation charges that have been practically stationary for over twenty years. That is, from the base point to the points given, we have had no change in our freight rate for more than twenty years.

All of the above statements are facts, and can be readily proven in a brief to be filed. Any reduction of the present duty would prove a body blow to the Florida citrus industries.

The CHAIRMAN. Have you concluded your statement?

Mr. CHASE. On the citrus part; yes, sir.

The CHAIRMAN. I want to ask you a question or two. At your price can you lay down your oranges in New York in competition with Italian fruit?

Mr. CHASE. As compared with Italian fruit, the freight rate by rail and water from the average point in Florida—in order to have you understand it exactly I would say we have what we call a base point in Florida, and from the producing point there is a rate to the base point. Now the rate to the base point has to be added to the through rate from the point of destination, and the rate to the base point varies according to the distance to that point. At no place is it less than 10 cents a box, and it runs from that to 35 cents a box for about a 250-mile haul, so that if you add the rate from the producing point to the base point, which from an average point would be 25 cents a box, and then add to that 35 cents a box from Jacksonville, where it takes the steamer to New York, you have a rate of 60 cents, against the rate from Italy, as to which I will take Mr. Call's statement—a rate of 25 cents.

The CHAIRMAN. Is there competition in price between your fruit and California fruit?

Mr. CHASE. Yes, sir. The severest competition we have comes from California.

The CHAIRMAN. You say your competition comes from California?

Mr. CHASE. Yes. California can ship oranges every day in the year.

The CHAIRMAN. Are they growing any oranges now about Citra or Orange Lake?

Mr. CHASE. There will be more raised this year in that locality than in any year since the freeze of 1895.

The CHAIRMAN. Have you had any frost there?

Mr. CHASE. Yes; some freezes that affected young trees in that part of the State, but they have not had any damaging frosts in five or six years.

The CHAIRMAN. How about the Indian River region—are the groves bearing again?

Mr. CHASE. Yes. A great many groves have been brought back, and I understand this year the crop will be brought back almost to where it was prior to the freeze.

The CHAIRMAN. And the groves have increased greatly down around Tampa and in that region?

Mr. CHASE. Yes; down on the Manatee River there has been quite an increase and quite an increase at points out on what we call the West Coast up as far as Sutherland. We found that there was less damage to the orange trees in that section than in any other part of the State, and consequently we call those points practically exempt from frost damage.

The CHAIRMAN. They have never done very much toward raising lemons in Florida, have they?

Mr. CHASE. We did prior to the freeze in 1894, but since then we have not renewed the groves, and have practically done nothing commercially.

Mr. UNDERWOOD. You had a telegram from the board of trade at Jacksonville?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. Stating that they desire to maintain the present rate of protection, or increase it, on citrus fruits?

Mr. CHASE. Yes; citrus fruits, pineapples, and vegetables; they enumerate everything in the telegram.

Mr. UNDERWOOD. Is the sentiment of the board of trade at Jacksonville in favor of a protective tariff throughout the industries of the United States?

Mr. CHASE. I should judge so from that message.

Mr. UNDERWOOD. Well, I want to know whether those people that you represent stand for the general principle of protection or only for protection on the article you mentioned?

Mr. CHASE. Well, I think that they feel that as long as they have some articles that should be protected they should get the protection.

Mr. UNDERWOOD. Is their sentiment in favor of the general policy of protection or do they stand for a policy of tariff for revenue?

Mr. CHASE. Well, now, you know I am a grower and a shipper, and I am not in political touch with the people. But I know they are business men, that they look at this question in a business way, and would prefer seeing protection on their industries that need it.

Mr. UNDERWOOD. Well, do they want protection on other great industries of this country, such as wool, iron, and sugar, or do they want a tariff for revenue?

Mr. CHASE. Well, as coming from the solid South, and knowing that some others in the solid South are favored on wool, and some other industries, I suppose Florida, as long as she has not any wool, would like very much to have her citrus fruits protected. They look at it on the same basis as they do on others.

Mr. UNDERWOOD. I am satisfied of that, but I was trying to find out whether you favor protection on citrus fruits, and yet expect Congress to write a revenue bill in other directions?

Mr. CHASE. I think it is more of a give-and-take proposition. If their interests are protected, they are perfectly willing to support a fair bill that would protect all parts of the country, and conserve the American market for American products as long as there is no injustice to the consumers.

Mr. UNDERWOOD. Is that the sentiment of the Board of Trade of Jacksonville?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. I wanted to find out what it was.

Mr. CHASE. That is it.

Mr. BOUTELL. That is practically the sentiment of all the people of Florida, is it not?

Mr. CHASE. Yes, sir; that is, all the thinking people.

Mr. UNDERWOOD. I wanted to find out the special status of Florida on this question, was the reason I asked you these questions.

Mr. CHASE. Well, I think they are gradually being reformed. They feel that way now, or they never would have sent me that telegram, I am quite sure.

Mr. UNDERWOOD. There was some little conflict in the recent results, and only a few weeks ago the State of Florida cast her electoral vote for a Democratic platform for revenue, while right on the heels of that the Board of Trade of Jacksonville is following it up with a petition for protection. I was trying to reconcile the two propositions.

Mr. CHASE. I just said that we are not growing any more lemons in Florida commercially, and didn't have any to pass out at that time. [Laughter.]

Mr. UNDERWOOD. What is the freight rate from Jacksonville to New York by sea?

Mr. CHASE. Thirty-five cents a box.

Mr. UNDERWOOD. What is the freight rate by sea from Habana to New York?

Mr. CHASE. Thirty-one and one-third cents.

Mr. UNDERWOOD. Then the freight rate from Jacksonville and from Habana is about the same on the boxes of oranges and lemons?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. Now as to the domestic freight rate in Cuba. In your statement you do not estimate what that was. You assumed that the growth is near Habana.

Mr. CHASE. No; I did not. I do not know what the freight charges are down there.

Mr. UNDERWOOD. As a matter of fact, the shipments by water from Cuba come almost entirely from Santiago or Habana?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. So that even if the groves are located along the seacoast the fruit has to be carried by rail or wagon to Habana?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. And the distance in transporting that crop in Cuba is about the same as it is in Florida, is it not?

Mr. CHASE. In Florida we only have, you might say, one seaport at the present time that handles citrus fruits from cars to the ship, and that is Jacksonville.

Mr. UNDERWOOD. Do they not handle it at Tampa?

Mr. CHASE. To a limited extent, recently.

Mr. UNDERWOOD. What is the freight rate from Tampa to New York?

Mr. CHASE. It is 45 cents a box.

Mr. UNDERWOOD. Well, there is no point in Florida that is farther away from either Tampa or Jacksonville, and that grows citrus fruit, than the farthermost point in Cuba from Habana or Santiago? I mean the distance of the domestic haul in Florida to Jacksonville or Tampa is no greater than the domestic haul from the farthermost point in Cuba to Santiago and Habana.

Mr. CHASE. I am not posted on the distance from the citrus-fruit districts in Cuba to the seacoast.

Mr. UNDERWOOD. Isn't it a fact that the rate in Cuba is higher than the freight rate in Florida on citrus fruit to the point of shipment?

Mr. CHASE. I do not know.

Mr. UNDERWOOD. Therefore, your statement about the comparison as to the rate for Cuban fruit to New York with the Florida rate to New York was inaccurate, in the fact that you did not take into account the local freight rate?

Mr. CHASE. Well, I will qualify my statement. The freight rate on Florida fruit from Tampa to New York is 45 cents, and from Cuba, or Habana, to New York is 31½ cents. Now, we have eliminated the haul to the Keys, so that from Cuba it is 14 cents or 13½ cents, the advantage on shipments of Florida oranges via Tampa.

Mr. UNDERWOOD. I recognize that; but a while ago you made the statement of something like 60 cents. I think that was inaccurate, because you had not estimated the local haul beyond that.

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. Now, as a matter of fact, there are no importations—practically none—of oranges or other citrus fruits into this country under the present law excepting lemons; isn't that true?

Mr. CHASE. Cuba is beginning her grape-fruit and orange shipments into this country.

Mr. UNDERWOOD. How much do the grape-fruit importations amount to?

Mr. CHASE. I haven't the exact figures, but I think that last year was the most extensive year, and that it was somewhere in the neighborhood of 100,000 boxes.

Mr. UNDERWOOD. It is very small in comparison with the total production of this country.

Mr. CHASE. It is; but is a constantly increasing quantity, and the acreage is constantly increasing. There is one man there from Cincinnati who has 700 acres in citrus fruits, I understand.

Mr. UNDERWOOD. You say that there is practically no lemon industry in Florida?

Mr. CHASE. Only for our own consumption. They do grow them there, but only to a limited extent. They grow some limes in the southern part of the State.

Mr. UNDERWOOD. What advantage do you have over the foreign importations on oranges in shipment to the interior; for instance, to Chicago, St. Louis, or Indianapolis?

Mr. CHASE. Do you mean from Cuba and those points?

Mr. UNDERWOOD. Over Cuban points.

Mr. CHASE. We pay the freight rate from the Florida producing points to Chicago, it being 84½ cents a box to Chicago and the haul being about 1,200 miles. California fruits get in there for 82.8 cents per box. Cuba gets its fruits in there—I haven't the figures with me but the tariff on the Munson Line, and I can give you—I think it is a rate of 59½ cents from Habana to Chicago, and to that you would naturally have to add the duty.

Mr. UNDERWOOD. In other words, you state that the freight rate on a box of oranges from Habana to Chicago by water and by rail is cheaper than it is from Jacksonville?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. What is that due to?

Mr. CHASE. I suppose it is due to a desire on the part of the transportation companies to haul a little extra freight.

Mr. UNDERWOOD. Is that same thing true as to Indianapolis and St. Louis?

Mr. CHASE. Yes, sir; all of that territory. They can get in there cheaper by rail and water than we can from any point in Florida.

Mr. UNDERWOOD. Then your real difficulty in those markets is not due to the question of the cost of transportation, but it is discrimination on the part of the railroads against the Florida producer?

Mr. CHASE. Well, it would look that way; yes. Just as I said, the freight rates on Florida products have remained stationary for over twenty-five years. All new orange-producing sections that have come in have had rates made in competition with Florida rates, because Florida was the oldest producing point, and they have done nothing for Florida.

Mr. UNDERWOOD. What does a box of oranges weigh?

Mr. CHASE. Eighty pounds, taken by the railroad.

Mr. UNDERWOOD. What is the cost of raising and putting a box of oranges f. o. b. cars?

Mr. CHASE. The soil has a great deal to do with the production of oranges and grape fruit in Florida. Some soil is good rich soil, which grows hard woods, hickory, oak, etc., and is more fertile than the pine-land soil; and the cost of production in Florida would be a very hard matter to give on an average in comparison with California. Owing to the difference in soil and difference in locality it would vary from $1 to $1.50 per box, the actual cost of preparing for the market and putting on the cars.

Mr. UNDERWOOD. What do you sell it for in the New York market?

Mr. CHASE. At the present time in New York from $1.75 to $2 a box. You have to take the selling expense and all freight charges.

Mr. UNDERWOOD. What does the selling expense amount to?

Mr. CHASE. The selling expense varies with the manner in which the crop is marketed. If it is shipped to commission men there, it is possibly 8 or 10 per cent, while if it is sold it may be sold to some dealers in New York, and if there is any loss or gain it belongs to the man who buys.

Mr. UNDERWOOD. As to the pineapple industry, where does your competition come from there?

Mr. CHASE. Cuba.

Mr. UNDERWOOD. What is the freight rate from Jacksonville, or the same points of shipment, to New York?

Mr. CHASE. From Jacksonville to New York it is 35 cents, the same as upon oranges. The crate is taken at the same rate.

Mr. UNDERWOOD. Is it the same from Tampa?

Mr. CHASE. There are no pineapples grown in that territory, or practically none.

Mr. UNDERWOOD. What is the freight rate from Habana to New York?

Mr. CHASE. Thirty-four and one-half cents.

Mr. UNDERWOOD. About the same rate?

Mr. CHASE. For a longer haul actually less.

Mr. UNDERWOOD. What is the cost of raising pineapples in this country?

Mr. CHASE. Mr. McMullen, a practical grower, is to follow me, and will be able to tell you, but I would like, as we have started in on the pineapples, and as that question has been brought up, to say that Florida, this last year, shipped approximately 690,000 crates. Cuba brought into this country 800,000 crates. Now the two crops are marketed at practically the same time, with disadvantage to the Florida people; that is, they have to get their crop on a market that is already supplied. The price on fruits is governed by supply and demand. It is not like some other products that can be held indefinitely. It either has to be disposed of or go into the dump. The heavy shipments of pineapples from Florida and from Cuba fall at the same time. The duty, according to the present tariff, is 7 cents a cubic foot, or $7 a thousand in bulk. I understand that the rate was made in bulk for the canners, and the rate of 7 cents a cubic foot was made on the crate, which is 10 by 12 by 36, so that a crate actually holds, in cubical contents, very nearly 2½ cubic feet. They are taken by the Government at 2 cubic feet, and the duty is assessed at 14 cents a crate. You take a crate, with an average of 30 pineapples, and if it was brought into this country at $7 a thousand it would be 21 cents duty. The importer has found that out, and instead of bringing it in bulk they bring it in in crates, at 14 cents, so that the way the matter stands now the Cuban is loser to the extent of 7 cents a crate on every crate of pineapples that is brought into the country, and on 800,000 crates that would amount to $56,000.

Mr. UNDERWOOD. Are there more pineapples imported into the United States than are produced in the local market?

Mr. CHASE. At present.

Mr. UNDERWOOD. The present tariff is a revenue tariff, and not a prohibitive tariff.

Mr. CHASE. That is because the product is so much less; but that will be touched upon by the gentleman who follows me.

The duty on vegetables in their natural state was the next question we had under consideration, and Cuba, as you might say, is on the early market, and is the worst competitor of the Florida grower. In the markets of the country the Cuban growers are the worst competitors of the Florida growers, because they can grow so much more cheaply than we can in Florida, and the present duty is 25 per cent ad valorem. That is so small that it is absorbed by the transportation companies and practically affords us no protection. The trans-

portation companies will make a lower rate on Florida vegetable products to the various western markets, duty added, than we get from the Florida transportation companies; so that it would look to me as if the duty on vegetables, Cuban vegetables, was placed sufficiently high to prevent the transportation companies from defeating the object of the Government it would afford us the protection that was intended.

The CHAIRMAN. What particular vegetables are you speaking of?

Mr. CHASE. Tomatoes. I think they come in under vegetables in their natural state not otherwise specified.

The CHAIRMAN. That is the basket clause, paragraph 257, "Vegetables in their natural state, not specially provided for in this act, 25 per cent ad valorem." I think tomatoes come under that, but as to potatoes, cabbages, beans, etc., there is a specific duty.

Mr. CHASE. The Florida tomato crop is one of the largest crops we grow, but I was speaking more in reference to these other products, although it is placed on all of them.

The CHAIRMAN. Have you not increased your production of tomatoes?

Mr. CHASE. Yes, sir. The crop last year amounted to, I think, a million crates of tomatoes.

The CHAIRMAN. That is not reported separated, and I do not know what the imports are. Do you know anything about the imports?

Mr. CHASE. I haven't got them with me; no, sir.

The CHAIRMAN. Have you any idea of the cost of laid-down tomatoes in New York from Florida or Cuba?

Mr. CHASE. In the western markets it amounts to about 26 cents from Cuba—that is, from Habana to New York—on a crate of tomatoes.

The CHAIRMAN. Freight?

Mr. CHASE. Yes.

The CHAIRMAN. I mean, how much is a crate of tomatoes worth: what do they cost laid down from Cuba and Florida?

Mr. CHASE. I think they are put in the custom-house on the basis of 60 cents f. o. b. harbor at Habana. That would be 15 cents duty; and then, Cuban products get 20 per cent preference, which would make the duty 12 cents a crate.

The CHAIRMAN. There was a gentleman here yesterday, speaking about the wages of Cuba, who stated that they were approaching those of the United States; that is, they were increasing under governmental protection.

This paragraph shows $638,000 worth of vegetables in their natural state last year.

Mr. CLARK. As to this statement that you make about the difference in tariff on pineapples in crates and in bulk, where the Government practically loses one-half a cubic foot in each crate, that is a fault in the administrative features exercised by the Treasury Department, is it not?

Mr. CHASE. I suppose it must be the fault of some one.

Mr. CLARK. That is where it is; it is not in the law. If a crate holds 2½ cubic feet and they only collect a tariff on 2 cubic feet, it is a matter of administration. That is the only thing I wanted to say about it one way or the other. It ought to be remedied in the Treasury Department.

Mr. HILL. Are the farm products of Florida sold generally under free and open competition, or under the direction of fruit growers' associations?

Mr. CHASE. They are handled by the growers. There are some associations there.

Mr. HILL. Do you sell your own products direct to the consumer?

Mr. CHASE. We sell our products to the distributer in the different markets; that is, the jobber. We sell in carload lots to the jobber, the jobber sells to the retailer, and the retailer sells to the consumer.

Mr. HILL. As a matter of fact, do you know anything of the disposition of the California fruit products through associations and their own agents, rather than being sold in open competition?

Mr. CHASE. Yes; I lived in California for quite a number of years, and was engaged in the same business in California that I am now in in Florida.

Mr. HILL. Was the sale and disposition of the California crop on the same basis as from Florida?

Mr. CHASE. On an entirely different basis.

Mr. HILL. What is the basis?

Mr. CHASE. The bulk, 56 per cent, I think, of the citrus crop of California is handled by the California Fruit Growers' Exchange, which is an association of growers. They own, control, and market, and distribute their products, and regulate the movements according to the supply and demand; that is, they have their agents spread over the country, and are in constant touch with market conditions, watch matters carefully, and they know when to put on heavier shipments, or heavy shipments, in order to keep an even balance between the supply and demand, and get good results for their product.

Mr. HILL. But the Florida product is shipped to the market and sold on commission?

Mr. CHASE. Yes; Florida can not handle her product the same as California, owing to her geographical position, and also to climatic conditions. You take our citrus fruits. Our trees bloom in February and March. We might say that the tree is one mass of bloom at practically the same time. The California tree blooms differently. They bloom later, and they bloom by degrees, you might say, so that at the picking time the California grower can go to his trees and pick off the first bloom, and then go again and pick off a second, a third, a fourth, and so on, picking a half a dozen times if necessary; but in Florida it matures at the same time, and if it is not taken off on or before the tree blooms again, it is unfit for shipment.

Mr. HILL. What I want to get at is this: Does the consumer have the benefit of open competition with respect to the California product the same as he does with respect to the Florida product?

Mr. CHASE. I should say yes, sir. The price for California products, all perishable products, is based upon supply and demand. If the supply is too great, you are bound to have lower prices.

Mr. HILL. And the arrangement in regard to the control of the crop does not affect ultimately the price to the consumer?

Mr. CHASE. No, sir; I think not.

Mr. POU. Are they raising seedless oranges in Florida?

Mr. CHASE. We have not been able to grow profitably the Washington navel. It appears to be adapted to California and not to

Florida, owing to climate, I think, and to cultivation. We grow the Florida orange that the people found there originally.

Mr. NEEDHAM. Do you irrigate your groves in Florida the same as they do in California?

Mr. CHASE. They are beginning to a limited degree.

STATEMENT OF MR. E. P. PORCHER, OF JACKSONVILLE AND COCOA, FLA.

Mr. PORCHER. Mr. Chairman and gentlemen, I represent the Indian River Orange Growers' Association, and the Indian River and Lake Worth Pineapple Growers' Association.

At the beginning I would like to touch on the question that was brought up as to the associations controlling prices. We control no prices. We simply are organized to better the growing and packing conditions, and to get carloads to market. The law of supply and demand absolutely controls that, excepting at times when special fruits of superior quality are wanted by extra fancy trade, and bring the extra prices, both from California and the Indian River. That seems to have caused a comment to be passed upon our differences, in complaint of the conditions we have there in the matter of protection. The Valencias to-day are selling as high as $8 a box in New York. We have had our Indian River product to bring as high as $7, $8, and $9 a box; that is, a limited amount of picked size, for the fancy trade, but it does not represent or give a fair idea of the general output to the mass of the people all over the country.

To discuss first the question on citrus matters, there has been nothing said relative to the excessive cost we have in Florida in preparing and planting as compared with any other section, even California. Their cost for water, I will admit, is rather heavy, but they have there a certainty, with richer soil generally, and absolute security from droughts which we have in the South. We have in our richer hummock land which costs sometimes as high as $125 an acre simply to prepare for the crop. Where we have pine lands, to do it properly, the stumps have to be removed at a heavy cost. We have suffered with drought; we have had freezes; and now, worst of all, and which has not been brought to the attention of you gentlemen, is the white fly. I have just returned, and was delayed in getting to Washington, from a trip—and fortunately practically none has yet appeared on the Indian River—respecting the State at large, and I say to you gentlemen that there has been an error made as to the production of Florida unless we can do something about this pest. The very section that you spoke of, Mr. Chairman, that of Citra, from end to end is infested with it. I am not here to make a poor mouth about our section, and it would not be appropriate. We have had good prices for our oranges, and we have nothing to complain of with respect to the general results under proper attention to our growth; that is, as to Florida at large. But many sections of Florida are more in danger from cold than we are from the competition going on with Cuba, which is not simply a mere matter of speculation, but is actual.

We know of immense tracts within the next three years that will produce not less than a million boxes of citrus fruit in Cuba. What was stated is absolutely true, that one gentleman from Cincinnati

has a 700-acre grove. There is no such grove in Florida, barring one. There is a grove of about 700 acres at Wildwood, which they are putting out heavily from end to end wherever the soil is adapted to citrus fruit. As it is at present with the tariff—a 20 per cent reduction in favor of Cuba—competition is coming into our markets from Cuba, and they are growing some nice fruit. In addition to that the importation, while statistics show them small, have been of the finest grade, and though California has dominated the market to an extent sufficient to eliminate that, and generally giving the consumer a fair and reasonable price, barring at times when the retailer has forced it up, yet owing to causes that we can not control we are up to the proposition of seeing a product come in from the island of Cuba alone into the markets of the United States. In the matter of lemons from California, as was said by the California representative, they have already had some white flies in the orchards in California. So we come before you to say that the States of Florida, Louisiana, Arizona, and California can produce all of the citrus fruits requisite for the use of the United States, making a very good profit, and delivering them at a reasonable cost to the consumer, without a single box of foreign fruit from any section whatsoever coming in.

I have not enlarged upon the white fly devastations, because very likely others will bring that up more forcibly. It is not merely a menace, it is not talk, it is an actual fact just as much as frost is. In order to emphasize my opinion of it personally, I would prefer that a frost should bring my trees to the ground rather than to see the white fly among them.

Mr. BOUTELL. What is the Agricultural Department doing about the white fly?

Mr. PORCHER. All they possibly can. They are endeavoring to overcome it by fungus and by suggestions in regard to fumigations; also by the use of a fine spray of whale oil and soap, which has been more efficacious so far than anything else. I would say that there is a section back of Titusville where they have some of the white fly.

Mr. DALZELL. Is this something recent?

Mr. PORCHER. No; the white fly has been in Florida for twelve years. You gentlemen can not conceive the conditions. In a certain town down there it is true that the watchmakers had to put close screens on their doors and windows to prevent the fly from coming in and getting into the watches when open. They have been such a pest that the whole house would have to be screened to keep them out. To-day that is the case, although they are not flying now. But the forage is blackened and it looks like devastation.

Mr. CRUMPACKER. Does the pest affect Cuba to any extent?

Mr. PORCHER. It is not in Cuba, I think.

Mr. CRUMPACKER. Do you think the Government ought to protect the Florida orange growers on account of the devastations caused by the white fly?

Mr. PORCHER. No, sir.

Mr. CRUMPACKER. Then you are not advancing that fact as bearing upon the question of protection?

Mr. PORCHER. Not at all. It is only one of the matters, and one of the things that we have to fight.

Mr. CRUMPACKER. That is one of the natural disadvantages?

Mr. PORCHER. That is one, and it is one that gives greater cost to the development of the product.

Mr. CRUMPACKER. The cost of production is largely due to certain natural conditions, climate, soil, etc. Do you think you could produce fruit enough to supply the demands of this country at a reasonable price under the disadvantages under which you labor there?

Mr. PORCHER. I do, sir With the increased production in certain localities, even with the white fly among us, and the difficulties we are having, we can produce a sufficient amount of citrus fruits at a reasonable price to supply the country.

Mr. CRUMPACKER. Are you in favor of an increase in the present tariff?

Mr. PORCHER. I am in favor of the maintenance of the present tariff on citrus fruits. I am not bringing up the question of lemons, because we do not produce them. I suppose that 8,000 boxes is all that would be produced by the State.

Mr. CRUMPACKER. The consumption of citrus fruits has increased very largely in this country within eight years, has it not?

Mr. PORCHER. Yes, sir.

Mr. CRUMPACKER. And is continually increasing?

Mr. PORCHER. The demand has been surprisingly increased, especially on grape fruit.

Mr. CRUMPACKER. And of course the tariff on that class of fruits increases the price to the consumer, the ultimate consumer?

Mr. PORCHER. Well, now, to bring matters down to figures, the present cost of production at the price which the consumer would pay, would be termed a reasonable price, we will say from $2.50 to $2.75 or $3 a box; and at the same time give a fair profit to the producer.

Mr. CRUMPACKER. Do you know what percentage of cost of producing oranges is in the labor—the labor cost?

Mr. PORCHER. We have gone over a schedule, and it varies according to the land and situation. There are some situations with richer soil, and at present with the freedom from pests, which would cause the cost to vary from 75 cents to $1.50.

Mr. CRUMPACKER. Per box?

Mr. PORCHER. Yes; growing and packing the fruit and placing it f. o. b. cars.

Mr. CRUMPACKER. But what percentage of that cost is labor cost?

Mr. PORCHER. It would be somewhere around 30 cents per box.

Mr. CRUMPACKER. And the boxes are what?

Mr. PORCHER. We figure the boxes at about 15 cents.

Mr. CRUMPACKER. No; I mean the box of fruit and all.

Mr. PORCHER. The box of fruit and all would be, as I say, from 75 cents to $1.50.

Mr. CRUMPACKER. And the average labor cost in a box is about 30 cents?

Mr. PORCHER. Yes; but that does not vary with the other costs, because the labor cost remains the same.

Mr. CRUMPACKER. What is the duty per box on oranges?

Mr. PORCHER. At the present time it is a cent a pound, which is equivalent to 80 cents a box.

Mr. CRUMPACKER. So that the duty about twice and a half covers the entire labor cost of producing the oranges?

Mr. PORCHER. A little less than that.

Mr. UNDERWOOD. Do you agree with the witness who preceded you with reference to his statement as to the cost of transportation to the market and the cost of production?

Mr. PORCHER. The question of transportation has been with us one with the Interstate Commerce Commission, with its powers and rulings, and has left us absolutely blocked. The question, for instance, of transportation from Cuba to Chicago or Indianapolis or any point in the West we have found imperative, so far as any redress is concerned. We pay 59½ cents from Cuba to Chicago—that is, basing the rate from Jacksonville; in other words, the Cuban producers get their fruit laid down in market for the price that our gateway at Jacksonville charges us from there beyond. The explanation that is given is that it is water transportation, and that in competition there is no possibility of any change.

Mr. UNDERWOOD. As a matter of fact, there is no movement of citrus fruits up the Mississippi River to Cincinnati or Chicago or interior points?

Mr. PORCHER. Well, that is because of its being too slow transportation.

Mr. UNDERWOOD. I mean that it is not practicable.

Mr. PORCHER. On the other hand, I am not at the present time making a plea on that question, because we have an association that has the matter up now before the Interstate Commerce Commission, and we have a very fair showing for redress.

Mr. UNDERWOOD. That is a question for another branch of the Government to pass upon. As to the freight rates to New York, you agree with the former witness in the statement that he made?

Mr. PORCHER. That is correct absolutely, excepting one item. It is stated that the transportation from interior points to Habana is 7½ cents, as compared with our 10 to 35 cents.

Mr. CLARK. Do you not have water transportation from Jacksonville to New York?

Mr. PORCHER. Yes; eastward, but not westward. I am speaking of the western gateway.

Mr. CLARK. Where do these flies that you have been talking about come from? How did they get into Florida to start with?

Mr. PORCHER. It is really not known. It is like the question being asked as to where the first oranges came from. We are told that the Spaniards did not eat the sweet red fruit.

Mr. CLARK. How long ago did these flies come in?

Mr. PORCHER. I think about twelve years ago.

Mr. CLARK. Do they have them in Cuba or in the other West Indian islands?

Mr. PORCHER. Not as yet.

Mr. CLARK. Do you suppose they were brought in accidentally in a package of some sort?

Mr. PORCHER. It is questionable; we don't know. It is really the *Alyrodes citri*. There may be such a pest in Japan or in the Malay Peninsula, but at the present moment I can not state beyond the fact that we know it is in Florida.

Mr. CLARK. Are pineapples raised all over Florida, or in the southern part of it?

Mr. PORCHER. On the east coast of Florida, which is the producing section. That is the next matter that I desire to take up.

Mr. NEEDHAM. Speaking about the labor cost of 30 cents a box, do you mean the annual cost in cultivating and harvesting and boxing?

Mr. PORCHER. I meant that that would be a fair average cost.

Mr. NEEDHAM. You do not include in that the original cost of the land?

Mr. PORCHER. Not at all; I mean the production of the crop.

Mr. NEEDHAM. The annual charge?

Mr. PORCHER. The annual charge.

The matter of pineapples is the point that I want to touch on forcibly, although I may repeat in part statements that have been made. We produced last season on the east coast 690,000 crates, while the importations from Cuba were about 840,000 crates. In addition to that we had importations from the Hawaiian Islands which have not been mentioned at all. We had importations from Porto Rico, and we had importations from Jamaica to contend with.

The pineapple situation with us is such on the east coast that we produce out of that 690,000 crates, 640,000 crates; in other words all the rest of the State produces but 50,000 crates. That is produced now on the mainland because the storm of a few years ago swept away the products of the keys. It is in a section of the country where it has been necessary to go to extreme expenditures in matters of not only preparing the land, which has been done, but in the cost of fertilization, which runs up as high as 4,000 pounds per acre per annum. In addition to that, with the increased cost of labor, the increased cost of crate material, we find that about an average of 90 cents, even running up to $1.10, according to other averages made, is the cost to produce a crate of pineapples and deliver it on board the cars. The pineapple industry is more subject to frost than oranges, and for a frost to get into an orange tree requires what we term a freeze, but a frost will get into the pineapples just as it would into a tomato plant, for it is a very tender plant.

Now, that section of Florida has this competition with Cuba: The Cuban product starts in a little earlier, but it practically continues throughout the season, barring only severe rains, which make their fruit not carry well. When those rains pass they start picking again, and they are enabled with this present tariff to get their product in and take the markets away from us to a degree that we are not able to make reasonable profit on the result. And under those circumstances we are going to ask you gentlemen to accord us the same rate that is applied upon citrus fruits at the present time, which certainly will not be excessive.

And, just as a wind-up, I would like to say that the question has been brought up by one of the gentlemen here touching upon the question of the Board of Trade of Jacksonville, and I would like to say that there are two points with reference to that. Our association is three-quarters Republican, and the Board of Trade of Jacksonville is no doubt half or possibly five-eighths or three-quarters Republican. But let me go further, gentlemen, and say this to you—that if you will eliminate the three classes that we object to in the South, we would not have any Democratic party.

I thank you very much.

STATEMENT OF MR. F. G. M'MULLEN, OF WALTON, FLA.

Mr. McMullen. Mr. Chairman and gentlemen of the committee, I just got here this morning and consequently left all my data at the hotel, so I have asked permission to file that later.

I will speak as a producer of pineapples, and also in explanation of the question which Mr. Chase could not answer, and shall try also to throw some light upon it. In a rate case before the Interstate Commerce Commission a short time ago the railroads contended that the average haul or charge for the vegetables in Cuba was only 7½ cents up to Habana. That applies on oranges and pineapples just the same.

Now with respect to the pineapple situation I will say that it is a little bit out of its native element in Florida. We run the chance of having our investments swept out in one night by a freeze. But the industry has been established there for the past twenty-five or thirty years, though some fifteen years ago it only amounted to about 90,000 crates. Up to that time the Cuban pineapple did not compete with us after the 20th of May; that is when the rainy season started in, and the fruit would not bud, so they could not ship. They are now planting on high land, and are able to compete with us throughout the entire shipping season of Florida.

Relative to the cost of production in Cuba, we have the statement of the Cuban Horticultural Society reports, which state that they can produce them for 20 cents a crate. We can not produce a crate of pineapples in Florida under 70 cents under the most favorable conditions, in the field, not packed, and on up to 90 cents. We strike an average of 75 or 80 cents. I will say that we ask for the same consideration in the tariff that the citrus fruits are getting to-day. It costs more to produce, in the field, a box of pineapples than it does a box of citrus fruit. We draw 14 cents a crate, and they draw 7 cents. Cuban pineapples, costing 20 cents to produce, and 35 cents to pack, we will say, 14 cents duty, 32 cents transportation to New York, and then add your 7 cents or 7½ cents or 10 cents—they can place them there for $1.11 f. o. b. New York. Florida pineapples will cost you $1.80.

Now, we only have one advantage in Florida, and that is, by fertilizing our fruit carries up and holds up better. After their rainy season sets in their fruit does not command the price that ours does, but they have five or six weeks of advantage in the earlier market, during which time we are not competing with them. After the 20th of May or the 1st of June, and the rains start in—it is not that the Cuban pineapples make most of the money after that time, but because of the cheap cost of production, the cheap transportation; they ship everything. I understand that from 40 to 60 per cent of the crop goes into New York after that time.

Now, a 70-cent duty on pineapples would not be prohibitive. That would not put us on a parity with the cost of production in Cuba. I am not speaking of the immense amount of money that it takes to produce crops of pineapples in Florida. If we have a duty on there, I do not believe it would be an injustice to the Cuban producer, for he keeps shipping and shipping and shipping, and is dumping and dumping and dumping, putting a cheap article on the market, which

only makes a glut, so that it is almost impossible for the Florida producer to go into Chicago or New York territory.

The CHAIRMAN. Pineapples in Florida are raised under cheese cloth very largely, are they not?

Mr. MCMULLEN. No, sir; not 1 per cent.

The CHAIRMAN. I have seen them growing there, and I did not know whether it was general or not. It was done to protect them from frost.

If you had all the duty you wanted on pineapples, you still would have the competition of Porto Rico. They can raise them there naturally, much easier, and at a less price than in Florida, and Porto Rico is part of the United States. Do you not think you ought to let them raise them there?

Mr. MCMULLEN. Yes; we are willing; but I do not believe that Porto Rico can ever be a serious competitor of the Florida pineapple.

The CHAIRMAN. Well, there is as much capital going in there proportionately as there is in Cuba?

Mr. MCMULLEN. Then I have been misinformed. According to my understanding the majority is going into Cuba, and the largest plantings are in Cuba, according to the statistics I have.

The CHAIRMAN. You will always have the frost to contend with in Florida?

Mr. MCMULLEN. No, sir; we have had but three frosts in the life of the industry.

The CHAIRMAN. But you can raise oranges and lemons where you can not raise pineapples, on account of the cold weather.

Mr. MCMULLEN. We can not raise anything on pineapple land but pineapples.

The CHAIRMAN. But that does not answer my question. The same degree of frost that affects oranges would probably kill pineapples entirely, would it not?

Mr. MCMULLEN. No, sir.

The CHAIRMAN. A low temperature will kill pineapples rather than oranges or lemons?

Mr. MCMULLEN. That is true. But, again, 28° of temperature the pineapples have withstood, but that has often killed orange trees. It depends upon the climatic conditions. A frost that will kill orange trees will sometimes not kill the pineapples.

The CHAIRMAN. They will not thrive in cold weather?

Mr. MCMULLEN. They do not like it; no.

The CHAIRMAN. It is death to them?

Mr. UNDERWOOD. You say that you want pineapples put on the same basis with respect to duty as citrus fruits. What do you mean by that?

Mr. MCMULLEN. Citrus fruits are drawing 80 cents a crate and 1 cent a pound.

Mr. UNDERWOOD. But the crates are not of the same size as those for pineapples?

Mr. MCMULLEN. They are rated pound for pound all over the United States at the same rate.

Mr. UNDERWOOD. But their values are not the same. What do you sell a crate of pineapples for?

Mr. MCMULLEN. They being a luxury, we can only get what a man is willing to pay for them.

Mr. UNDERWOOD. What price?

Mr. McMULLEN. They will average from $1.25—in some years when we have a short crop we get as high as $1.40 to $1.50 on the average.

Mr. UNDERWOOD. How does that compare with the lemons and oranges in crates?

Mr. McMULLEN. Well, I presume it is about the same.

Mr. UNDERWOOD. The reason I ask you is that I notice here that the rate of lemons, the ad valorem rate, for 1907, is estimated by the Government to be 36 per cent and a fraction; oranges for 1907, 55 per cent and a fraction, and on pineapples 43 per cent and a fraction. The reason why I mentioned citrus fruits was this: Would the same protection that is given on lemons cover what you want on pineapples, and not make a prohibitive tariff?

Mr. McMULLEN. Yes, sir.

Mr. UNDERWOOD. That would still leave it a revenue tariff?

Mr. McMULLEN. It would not be a prohibitive tariff in this way: It would prevent the tail end of that shipment, which they don't get anything for, and which injures us more than any other one thing. The selling price of pineapples is practically the same in all markets, usually.

Mr. UNDERWOOD. I notice from the reports that the ad valorem rate is estimated on the value of the product and not on their demand. One is 59 per cent ad valorem, and the other, for the year 1907, estimated on the value of that crop, is 36 per cent.

Mr. McMULLEN. I am afraid that report is wrong.

Mr. POU. Is the pineapple industry in Florida increasing or decreasing under present protection?

Mr. McMULLEN. It is increasing, and it will always be as long as anybody is in business. You have got to keep planting; you can not stop it.

Mr. POU. Have growers been making a reasonable profit under this protection?

Mr. McMULLEN. They have not in the past four years. After the Cuban war, when Cuba had a setback in its industry, they did make money. But in recent years the situation has changed and now capital is developing down there fields of thousands of acres, and it means that with their present cheap production the Florida industry is going to be worse off than ever. The Florida industry represents an investment of some four or five millions of dollars in pineapples. That land can not be applied to the growing of anything else, for it will not produce anything else. We have practically to produce our pineapples with fertilizer.

Mr. POU. The duty is 14 cents a crate, is it?

Mr. McMULLEN. Yes.

Mr. POU. What would the import duty be on the same crate that pays 14 cents?

Mr. McMULLEN. According to their estimates, I think, 70 cents, the same as the orange tariff.

Mr. POU. That would be a prohibitory duty.

Mr. McMULLEN. No, sir; the Cuban pineapples sell from $3.50 to $4.

Mr. POU. Then it does not matter about the duty?

Mr. McMULLEN. Yes; we want it to continue the same as before. It is the tail of the Cuban shipment that we want to prohibit. On

account of the rains down there the shipments do not always come in in good shape. What we want to do is to prohibit the tail end shipments of Cuban pineapples. If the market here was empty, the Cuban pineapples would still bring the same amount.

Mr. BOUTELL. To what extent are you canning fruit in Florida?

Mr. McMULLEN. None at all.

Mr. BOUTELL. Why not?

Mr. McMULLEN. It is on account of the price of labor; and then again the supply of fruit is not sufficient to keep the canneries running. We have nothing to keep the industry going all the year round. The fruit comes in by itself, and it is in a territory by itself, and if we shipped we could not pay the freight of 25 cents per crate.

Mr. BOUTELL. Then you can not have canned pineapples down there?

Mr. McMULLEN. No, sir.

Mr. BOUTELL. How are they eaten; are they eaten raw?

Mr. McMULLEN. Yes, sir.

Mr. BOUTELL. Do you know anything about citrus fruit?

Mr. McMULLEN. I am a small shipper.

Mr. BOUTELL. The freight to Chicago would be $1.25 to the jobber?

Mr. McMULLEN. We can not lay them down in Chicago under $1.90.

Mr. BOUTELL. Say $2 per crate.

Mr. McMULLEN. All right.

Mr. BOUTELL. How many pineapples are there ordinarily in a crate?

Mr. McMULLEN. Thirty.

Mr. BOUTELL. How many oranges are there in a crate?

Mr. McMULLEN. I am not able to state, but a gentleman says here there are 150 and another gentleman says there are 176.

Mr. BOUTELL. That would mean one-fourth or three-eighths of a cent on an orange, which would not have much effect on the price. Who gets the remaining large profit, amounting to from 60 cents to 90 cents per dozen? Does that go to the jobber or to the retailer?

Mr. McMULLEN. The majority of it goes to the retailer. If you take perishable articles, generally you must take what price the other man is willing to pay. At certain times in the year when you can get good prices it is all right, but in quite a number of years they do not pay expenses. We are talking about the average years. There are times when you make a large profit, but there are many, many times when the market is flooded with pineapples and you do not make a profit.

Mr. CRUMPACKER. Do you know what the Hawaiian importation amounts to?

Mr. McMULLEN. They do not interfere with us seriously on account of the transportation. We are shipping to California and we are exporting to England. What we are trying to do is to protect ourselves when both we and Cuba are shipping. We have exported from 40 to 50 crates, or about 7,000 oranges.

Mr. CRUMPACKER. What percentage of the entire consumption of pineapples in this country is produced by the American pineapple growers?

Mr. McMULLEN. Very nearly one-half. You understand that the Cuban pineapple is shipped something like two months before ours. After that their shipments go along through the summer.

Mr. CLARK. How old must a plant be before it bears?

Mr. McMULLEN. It will bear within two months after it is planted.

Mr. CLARK. How long does it last?

Mr. McMULLEN. From seven to ten years.

Mr. HILL. Is the United Fruit Company a producer in this country?

Mr. McMULLEN. I do not think so.

STATEMENT OF MR. J. M. YORK, OF BOSTON, MASS.

Mr. Chairman and gentlemen of the committee, I come not as a grower, but as a distributer. My business is that of handling fruit products in Boston, Mass. I thought perhaps that I could enlighten you a little as to the cost of producing oranges. I think that as a rule the gentlemen who have spoken have given the cost of producing oranges somewhat low. I have been in the business as a producer of oranges for twelve years, and can say that it costs a good deal more to produce oranges in our section than it does to produce in California. The reason is that our soil is light and we have to fertilize heavily. I have just paid a draft of $1,000 for fertilizer to go on our grove. The tendency is all the time for prices to go down, and I can see nothing else to do except to go out of the business unless we have protection.

Mr. UNDERWOOD. You have had a prohibitive tariff since 1897.

Mr. YORK. I believe in a protective tariff in this country.

Mr. UNDERWOOD. It has been prohibitive since 1897.

Mr. YORK. I do not think so.

Mr. UNDERWOOD. The importations have been very small.

Mr. YORK. Yes; but they are increasing. Importations are increasing rapidly from Cuba. Since the Spanish war they have been going into the business of producing oranges and grape fruit. We do not have quite the severe competition that they have in New York, but the competition is gradually growing and it will only be a few years when we will have a direct line of steamers, and after that we will be in quite close competition. We will be in quite as close competition with Cuba as New York now is. New York is the largest market.

Mr. McCALL. Does the United Fruit Company do any of that business?

Mr. YORK. It is bringing in fruit from Jamaica at a cost of about 30 cents a box freight. The freight from the heart of the fruit-producing section there, rail and water, from Jacksonville to Savannah, is 65 cents. The freight, via rail and water, Norfolk to Boston, is about 17½ cents. The freight, all rail, to Boston, is 76 cents. Florida produces a fruit that has a thinner skin. The Jamaica fruit has a thicker skin. Our fruit will not hold up like the California fruit. The California fruit is more hardened. The California people do not have to rush their fruit into the market as we do. Our climate and soil are such that we have a great deal of fertilizing to do on our land. The quality of our land makes the fruit tender. The fruit has not a good keeping quality and must be marketed and handled quicker. When we ship our fruit we must strap the oranges and put them up in tiers. They must be in good carrying condition when shipped in order that they shall bring a fair price. The competition is increasing so fast with us in Florida that I can say it is only a matter of a

short time before it will be nonprofitable to grow oranges, unless we can devise some means of producing them more cheaply.

Mr. Pou. Do you want an increase of the present import duty?

Mr. York. No, sir; I only wish to have it remain as it is.

Mr. McCall. At what price do you estimate the cost of the delivery of a box of oranges in Boston?

Mr. York. You mean the cost of growing the fruit and the delivery in Boston?

Mr. McCall. Yes.

Mr. York. It is hard to tell the cost, because some years you get a good crop and some years you get a poor crop. To answer that I would have to take the average for about five years. I should say on that basis that the average cost of raising and delivering oranges would be $2 per box.

Mr. McCall. About how many dozen oranges would be in a box?

Mr. York. They would average about 175 oranges to the box.

Mr. McCall. It would be about 14 cents per dozen?

Mr. York. Yes, sir.

Mr. McCall. What price do they usually bring in the market?

Mr. York. Just now they are retailing at a very low price.

Mr. McCall. At what do they retail ordinarily?

Mr. York. That depends upon the season of the year. About this time in the year they retail very low, because they are a glut on the market. The market is now quite full and the price is low. We have now oranges piled upon the dock which are practically unsalable at $1.50 or $2 per box. They are now selling closer to $1.75 than to $2. Just at the present time they are selling below the actual cost of production.

Mr. McCall. They are retailing from $1.50 to $2 per box?

Mr. York. Yes, sir.

Mr. McCall. What is the usual retail price to the consumer in Boston?

Mr. York. I will explain it to you somewhat if I can. A good many of the oranges that we are now receiving will run from 126 to 250 oranges in a box, as they vary in size—not as to the size of the box, but as to the size of the oranges. The retailer will sell the smaller oranges cheaper. If there are 250 in a box they will retail as low as 15 cents. The retail price will gradually rise according to the size of the oranges. For the big oranges he will get from 25 to 30 cents per dozen. On those he will make some money, but he will make practically nothing on the smaller sized oranges. We sell by the carload, mixed counts. According to that the prices will run from 15 cents to 30 cents per dozen retail.

Mr. Clark. But the prices run above 30 cents.

Mr. York. They might in time of scarcity.

Mr. Clark. But if you will take the whole business, the average price at which these grocers sell in New York, Washington, and elsewhere, it is a good deal above 30 cents per dozen.

Mr. York. No; I think not.

Mr. Clark. There may be times for a short period when the cost will be low, but if you take the twelve months the average price will be 50 cents per dozen, will it not, if you buy oranges at the retail stores?

Mr. YORK. Yes, sir; but there are some months when the oranges will not keep.

Mr. CLARK. Do you not know that they sometimes sell oranges as high as 70 cents to 90 cents?

Mr. YORK. Yes, sir; sometimes in the summer time, when there are nothing but Valencias, which come from California. The crop from Florida comes in between October and February. In November, December, and January most of the crop comes from Florida and at that time the price is low. They market the crop from California in January. You will find oranges about this season of the year selling at \$1.50 to \$2.50 per box. Sometimes in May, June, July, August, and September the prices will rule from \$4 to \$7 per box at auction.

Mr. CLARK. Do the Florida oranges sell at practically the same price for which the big oranges from California sell?

Mr. YORK. The high-priced oranges are out of the market at that time.

Mr. CLARK. I wish you could induce the grocers to sell them cheaper.

Mr. YORK. A nice Valencia orange at this time is selling high.

Mr. CLARK. What we are trying to get at is this: The raisers of oranges claim that they do not make much and the wholesaler claims that he does not make much, and yet the price of a box of oranges, after it leaves the hands of a producer and gets into the hands of the consumer, goes up from about \$1.70 to as high as \$7.25. That is 50 cents per dozen. What we want to know is who gets that enormous profit.

The CHAIRMAN (to Mr. Clark). You are assuming that all of the oranges sell from 75 cents to 80 cents, whereas sometimes they sell as low as 15 cents to 20 cents per dozen. Some oranges are large and some are small, and therefore it is simply a matter of mathematical calculation.

Mr. CLARK. It seems to me that the mathematical calculation in this transaction is that the consumer of the oranges gets gouged somewhere. The man who raises the oranges says that he does not make anything and the wholesaler says that he does not make anything, and I would like to find out who gets this great rake-off between these two prices.

Mr. YORK. I do not think there is a great rake-off. The Florida oranges sell low and the Valencias, the high-priced oranges from California, sell high. At the time of the high prices there is light production. The market is regulated by supply and demand.

Mr. CLARK. Then if we let the present tariff stand you are satisfied?

Mr. YORK. I am.

Mr. POU. What are you after?

Mr. YORK. I am not here after anything. I had a wire to meet the delegation here, so I got ready quickly, and I expect to be back in Boston to-morrow morning.

Mr. POU. You simply desire to put yourself on record as opposing any change in the tariff rate?

Mr. YORK. Yes, sir. I wanted to put something in the testimony as to the cost of producing oranges. I have been in the business twelve years.

Mr. UNDERWOOD. Do you propose a change in the Dingley bill, or a change only in the rates on citrus fruit?

Mr. YORK. I am not posted enough to say that I would want to enlighten you any on that point at this time. I think that we get along nicely under the Dingley bill.

Mr. UNDERWOOD. Usually everybody who appears proposes a change on the particular schedule in which he is interested. I wanted to see whether it extended to all of the schedules.

Mr. YORK. I have been favorable to a protective tariff up to this time.

Mr. CLARK. You run your orange plantation from Boston, do you not?

Mr. YORK. No, sir; we have a man interested with us who is in Florida. He is stationed there. He is our general manager.

Mr. LONGWORTH. What did you say the price of a box of oranges was?

Mr. YORK. The market now is low.

Mr. LONGWORTH. How much is it?

Mr. YORK. We sold several crates yesterday at an average of about $2 per box. It was nice fruit. A good deal of it sells at $1.50 per box.

Mr. LONGWORTH. I see that it is quoted in the papers at from $2.25 to $2.50 per box.

Mr. YORK. The papers can not get the exact sales.

Mr. LONGWORTH. I do not know how else to find out the price.

Mr. YORK. The papers hardly ever get it right. There are several profits, or I should say there should be several profits, from the time the fruit leaves the grower until it gets into the hands of the consumer.

Mr. LONGWORTH. Then there is no way for anyone except the man in business to find out what the price really is?

Mr. YORK. The man in business should know.

Mr. LONGWORTH. There is no way for us to know except by the market reports in the newspapers?

Mr. YORK. They are not always correct. I have a paper here which gives the correct quotations.

Mr. HILL. Do you export oranges?

Mr. YORK. No, sir.

Mr. HILL. Do you know anybody who does?

Mr. YORK. No, sir.

(Thereupon, at 12.56 p. m., the committee took a recess until 2 p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
Wednesday, November 18, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF MR. J. ALLEN OSMUN, OF RIVERA, CAL.

Mr. OSMUN. Mr. Chairman and gentlemen, I will try and be brief, so as not to occupy any more time than is necessary. I will just give

a brief history of the planting of walnut trees. The walnut industry is only about forty years old. It was in the early seventies that the first walnut trees were planted for commercial purposes in southern California. Among the first sections where this present industry began was the San Gabriel Valley at Rivera. When the present duty was placed on foregin imports a great impetus was given to this industry. Large areas were planted, and are still being planted. But, as you will remember, it takes from ten to twelve years from the time it is first planted to bring a walnut tree into full bearing, and you will readily see that it has taken quite some time to bring the industry up to its present condition. I have here a table of 27 different countries importing walnuts into the United States. I will not take the time to read this, because it is from the government reports, but I will give you a summary. In 1903 we imported from these various countries 12,362,567 pounds.

Mr. McCall. Have you the value?

Mr. Osmun. I have further on. I will give you the values in a moment. Last year we imported 32,597,592 pounds. That gives us a very good idea that the tariff has not retarded the importation of walnuts. The amount of shelled and unshelled walnuts imported in the last five years has increased, unshelled walnuts from 8,936,439 pounds in 1903 to 27,036,646 pounds in 1907.

The value of the imports in 1903 was $537,014 and in 1907 $1,490,422. That shows an increase in the importation of 157 per cent in the last five years. These values are not the selling values, but they are the values fixed by the Government for import duties alone.

During that time California in 1903 raised and sold 6,200 tons and in 1907 7,300 tons. That is an increase of 18 per cent. I want to call your attention now to the growth of the foreign importation as against the increase of the home product. While it only shows 18 per cent increase in our output, it must be borne in mind that it takes from ten to twelve years to bring a walnut tree into full bearing. In the last five years we have had about 8,000 acres planted to new trees in California alone. In Oregon we are credibly informed that the area is very largely increased. The trees there, however, are only 2 or 3 years old, and it will take some eight or nine years more before their yield will come in as a commercial commodity.

We have had a good deal of difficulty in raising walnuts. When we first started in to raise walnuts, we planted a variety known as the " hard shell." It took four or five years before we found out that that was not a good variety commercially, and then we planted a variety known as " soft shell," and it took ten or twelve years before we found out that we could not plant that successfully and get an orchard from seedling trees, but that we would have to follow the plan adopted in the citrus and other varieties of fruits and bud or graft our trees upon the seedling stock in order to get successful returns. As a matter of fact, taking an orchard of 40 acres from seedling stock, we would have trees ideal in every respect, but which would be worthless as producers. If it had not been for the protection afforded us by the tariff, we would have been wiped out of existence long before this.

I will now take up the cost of production abroad. Abroad, walnuts are not raised in orchard form, as we grow them here, but along the roadways and in the pastures and on the sidehills, a good deal as the native nut trees grow in our country. They have but very few cultivated orchards there, so that the expenses of cultivation are reduced to a minimum. They have no cultivation, and of course the expenses are reduced very much. In contradistinction, our land, the bare land before we put any trees on it, costs $300 to $400 per acre. The value of the land with the trees in full bearing is from $500 to $1,000 an acre, and with its water rights and so forth, which cost from $5 to $15 per acre, and the cost of cultivation, which is $15 to $20 per acre, and the cost of harvesting, which is from $15 to $20 per acre, the total cost of yearly expenses is from $35 to $55 per acre. The returns per acre from an orchard in full bearing are from 500 to 1,000 pounds, and the net returns are from $30 to $60 per acre, so that after deducting expenses the return is 10 per cent on our investment.

The cost of transportation from abroad is from 25 to 40 cents from European ports to the United States per 100 pounds. It costs us $1.30 a hundred to land our goods in the market. During the year 1907 we paid the railroads practically $200,000 in freight.

Labor, with us, is a very important factor. It is one of the most difficult things we have to contend with. When the Dingley tariff was passed, I find that there was a statement made by Nathan W. Blanchard, of Santa Paula, Cal., as to the cost of labor, as follows:

For girls, $1 per day; for ordinary men's labor, $1.25 per day; for more experienced men, $1.50 per day; for foremen of pickers, $1.75 per day; for overseer in packing, $2 per day.

At the present time for such labor we would pay as follows:

For girls, $1.50 per day; for ordinary men's labor, $2 per day; for more experienced men, $2 to $2.50 per day; for foremen of pickers, $3 to $3.50 per day; for overseer in packing house, $3.25 to $3.75 per day.

These are not all the expenses that have been increased. Agricultural implements have gone up. All sorts of produce that we have to feed our horses have gone up. Anything we use in California is at a high rate. Consequently the cost of producing a crop of walnuts has vastly increased in the last ten or twelve years. Walnuts have almost always been classed among luxuries. That time, I think, has passed. They have become now a staple article of food and can no longer be regarded as a luxury.

Another point I would like to bring out is that the average walnut grower owns a small parcel of ground. These parcels of ground do not average more than 15 or 20 acres in a piece, and consequently we are home builders. We ask that the present tariff be retained. We simply want to be let alone. There is no doubt that there are larger areas of land that will be found to be walnut-bearing land, especially throughout the Southern States and in Oregon and in other portions of the United States. We do not represent a very large industry, but we think we are entitled to have a fair show. If there are any questions to be asked, I will be very glad to answer them.

Mr. McCall. How many walnuts, in bulk, do you raise on an acre generally?

Mr. Osmun. Five hundred to 1,000 pounds.

Mr. McCall. Is the tree the ordinary commercial walnut tree? Does it make good commercial lumber?

Mr. Osmun. No, sir; I do not think so. The wood is very soft. It has no value as a lumber producer; it hardly makes decent firewood after it gets dry. It burns very rapidly, indeed.

Mr. Clark. These walnuts are what are often called English walnuts, are they not?

Mr. Osmun. Yes, sir.

Mr. Clark. The soft-shelled walnuts?

Mr. Osmun. Yes; soft-shelled. We tried the hard-shell walnuts in the beginning, but we have supplanted them by the soft-shell.

Mr. Clark. Do you graft on your stock, or bud?

Mr. Osmun. We call it budding. We take a seedling tree when it is about 2 years old, and we take a scion——

Mr. Clark. You graft onto the ordinary black walnut?

Mr. Osmun. Yes; or any ordinary seedling tree, to get uniformity of result.

Mr. Clark. You say in foreign countries they raise these trees out in the highways and byways. Why do we not do that here?

Mr. Osmun. I can tell you why we do not do it in California. It is because we have to irrigate.

Mr. Clark. Walnut trees grow luxuriantly in the Mississippi Valley. Would those English walnuts grow in the Mississippi Valley?

Mr. Osmun. I have every reason to believe so.

Mr. Clark. We will have to get at it, then.

Mr. Osmun. What we want to do is to raise enough walnuts in the United States to compete among ourselves.

Mr. Clark. Heretofore you have been doing very well, although you have had to start in from the stump, to use the common expression.

Mr. Osmun. Yes, sir.

Mr. Clark. You are through with the experiment now?

Mr. Osmun. I hope so, at least.

Mr. Clark. You know how to do it now?

Mr. Osmun. I think so.

Mr. Clark. Now, do you not think you could stand a little reduction in the interest of the people that eat the walnuts?

Mr. Osmun. Not at the present time, with the importations that come into this country at the present time.

Mr. Clark. What difference does it make if the importations come in if you people out there can not raise enough walnuts to supply the market?

Mr. Osmun. Give us a show for a while.

Mr. Clark. I know, but what are we going to do for the walnuts in the meantime?

Mr. Osmun. Have them come in and pay the import duty, and give the Government some revenue.

Mr. Clark. How much is the tariff?

Mr. Osmun. Three cents on the walnuts.

Mr. Clark. On the walnuts with the shells on?

Mr. Osmun. Yes, sir.

Mr. Clark. Is that the only way they are imported?

Mr. Osmun. No; on shelled walnuts it is 5 cents, but we do not come into contact with those.

Mr. Clark. Do you raise these walnuts in the same belt of country where they raise oranges and lemons?

Mr. Osmun. Yes; but walnuts will grow on land that will not produce orange or lemon trees.

Mr. Clark. I would like to know, as a matter of curiosity; do you know whether anybody has ever tried to raise these English walnuts in the Mississippi Valley or not?

Mr. Osmun. No; I heard a gentleman say to-day, though, that he knew of one tree down there that bore very handsomely. That had just gotten there by accident.

Mr. Clark. Do you know enough about it to know whether the same conditions that used to produce the ordinary black walnuts that we have would be favorable for these walnuts?

Mr. Osmun. Yes; if you are far enough south to be below the frost belt. They will not stand much cold weather.

Mr. Clark. Do you make as much off an acre of walnuts as you make off an acre of oranges?

Mr. Osmun. No, sir; we do not make as much as we do off an acre of oranges.

Mr. Clark. Why do you not go to raising oranges?

Mr. Osmun. I am going to, if the tariff is not kept up.

Mr. Clark. If it is not kept up?

Mr. Osmun. If it is taken off, I mean.

Mr. Clark. Off of what?

Mr. Osmun. Off of walnuts.

Mr. Clark. What are you going to do then?

Mr. Osmun. I am going to raising alfalfa and hogs.

Mr. Clark. Why not raise beets?

Mr. Osmun. We can not raise beets there.

Mr. Clark. You can not raise beets there?

Mr. Osmun. No; we can not raise beets there.

Mr. Clark. You might go to raising eucalyptus trees.

Mr. Osmun. Yes; that is very good.

Mr. Clark. Is that a profitable crop?

Mr. Osmun. Not so much so as walnuts. It has to have some irrigation in the first few years.

Mr. Pou. How large do these walnut trees grow?

Mr. Osmun. To a pretty good size. They are larger than an apple tree grows in that part of the country.

Mr. Pou. I have seen these black-walnut trees 4 or 5 feet in diameter.

Mr. Osmun. Oh, we have nothing like that. Eighteen inches would be as large as any I have ever seen, in diameter.

Mr. Clark. You do not know whether they grow that big or not. Maybe they will do so if you give them time.

Mr. Osmun. Perhaps so.

Mr. Clark. As a matter of fact, a grafter tree does not live as long as a seedling tree, does it?

Mr. Osmun. No, sir.

Mr. Clark. Any kind of a tree?

Mr. Osmun. No; we do not think so. That has been the accepted verdict.

Mr. Underwood. The American production of walnuts in the shell is about $1,000,000 a year, is it not?

Mr. OSMUN. More than that.

Mr. UNDERWOOD. How much does it amount to?

Mr. OSMUN. We think about $2,000,000.

Mr. UNDERWOOD. The importations of walnuts in the shell, and the shelled walnuts amount to about $2,000,000 a year, do they not?

Mr. OSMUN. Taking the walnut industry all together—walnut importations.

Mr. UNDERWOOD. The Government derives from the importation of walnuts under the present duty something over $1,000,000 in revenue?

Mr. OSMUN. I have not figured that out.

Mr. UNDERWOOD. I see here, under the head of walnuts, shelled, the amount of the duty collected is $298,000, and for walnuts not shelled it is $691,000, making about $1,000,000; so that really the present duty on walnuts is a revenue tariff.

Mr. OSMUN. Yes, sir.

Mr. RANDELL. Do they raise pecans in California?

Mr. OSMUN. Not commercially; there are a few trees, but they are not raised commercially, so far as I know.

Mr. RANDELL. Do they not use any pecans out there?

Mr. OSMUN. Yes, sir.

Mr. RANDELL. Will not any country that produces pecans or walnuts, either, produce the other?

Mr. OSMUN. I could not answer that question. I am not competent to answer that.

Mr. RANDELL. You do not know anything about the adaptability for Texas or New Mexico of these walnuts?

Mr. OSMUN. Only this far, that from what I read of the climatic conditions there and the soil I see no reason why the walnut tree should not thrive down through the Southern States, if you get far enough down below the severe frost line. They will stand a good deal of frost, but they would not stand this climate, for instance.

Mr. RANDELL. You have no native pecan trees in California?

Mr. OSMUN. No, sir; not that I know of.

Mr. RANDELL. And no native black walnuts?

Mr. OSMUN. No, sir.

Mr. RANDELL. Where is your main market for nuts?

Mr. OSMUN. All over the United States. We ship them all over, everywhere.

Mr. RANDELL. It is just a home market?

Mr. OSMUN. Yes; a home market.

(Following are the letters submitted by Mr. Osmun:)

SANTA BARBARA COUNTY WALNUT GROWERS' ASSOCIATION,
Santa Barbara, Cal., September 11, 1908.

Mr. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: I am in receipt of yours of the 4th instant, in regard to land values and acreage of walnuts in this section of the country.

Approximately there are in this county at present 4,000 acres full bearing, worth $750 per acre, yielding $125 per acre; 1,000 acres small trees, worth $500 per acre; bare land, worth $350 per acre.

No irrigation required; no fertilizer used here.

Last season there were about 1,500 tons produced in this county. Cost of harvesting crop, about $20 per ton; cost of cultivating land, about $10 per acre.

The walnut crop is one of the leading crops of Santa Barbara County, and the future promises a great increase in acreage, as much land which was considered to be worthless for walnuts is proving to be good.

Wishing that I might be able to think of more points of interest to you, I remain,

Yours, very truly, ERWIN KELLOGG.

SANTA ANA VALLEY WALNUT GROWERS' ASSOCIATION (Inc.).
Santa Ana, Cal., November 5, 1908.

Dr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: In answer to your letter of October 5, will say that I have found it impossible to find time to get the number of acres of walnuts in this association, but have them for Orange County as they appear on the report of the county statistician. Number of bearing trees, 137,000; number of nonbearing trees, 85,250; number of pounds harvested, 6,624,575.

There is such a difference of opinion among our growers as to the cost of irrigation, maintenance, etc., that I can not answer those questions satisfactorily.

Yours, very truly, H. R. ANDRE, *Secretary.*

408–409 BULLARD BLOCK,
Los Angeles, Cal., October 12, 1908.

Mr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: On behalf of the San Gabriel Walnut Growers' Association, and in response to your letter asking for statistics of our acreage, etc., I would say: Number of acres in bearing, 110; newly planted acreage, about 10 acres; value of bare land, $400 per acre; value of bearing orchard, $600 per acre; cost of irrigation—we do not irrigate; cost of fertilizing, estimated at $6 per acre per annum; cost of cultivation, estimated at $20 per acre per annum; cost of harvesting crop, estimated at $30 per ton; average production per acre per annum, estimated at ——— pounds.

You will appreciate that the crop varies considerably from year to year, and that the figures given are approximations.

Wishing you success in the direction of your efforts, I remain,

Yours, very truly,

CHARLES LANTZ, *Secretary.*

FULLERTON-PLACENTIA WALNUT ASSOCIATION (INC.),
Fullerton, Cal., October 8, 1908.

J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: Replying to yours of 5th will offer the following information: We have about 1,150 acres in our association of various ages; as no new orchards have been planted during the last five years, all of these bear some, although you could not say that they are all in full bearing.

Bare land suitable for walnuts is held at from $300 to $500 per acre; orchards in full bearing are held at from $700 to $1,000. The cost of

irrigation in orchards that are well cared for is from $10 to $15 per acre; fertilization and care about $20 per acre. The cost of harvesting the crop averages around 1½ cents per pound.

I believe that the average crop for the last five years on bearing orchards in this vicinity is about 800 pounds. Some orchards bear 1,000 pounds per acre, and a very few exceptionally good ones 1,500 pounds. On my mother's place last year we had 9 tons on 13 acres, and this was considered exceptional. Our total output (estimated) for this season will be about 500 tons.

Very truly, yours,

ARTHUR STALEY,
Fullerton-Placentia Walnut Association.

LIMONEIRA COMPANY,
Santa Paula, Cal., October 7, 1908.

Dr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: I beg to acknowledge receipt of yours of the 5th instant. I neglected answering yours of September 4, as I was away from home when it arrived and have been so busy since I returned that I have not gone into the matter of getting the figures together until now.

The following is a statement of last year's result from the 400-acre walnut orchard belonging to the Limoneira Company, known as "Olivelands orchard:" The expense, including irrigation, cultivation, and all care of the grove outside of harvesting, was $6,371.05; the cost of harvesting, including processing and getting nuts ready for shipment, was $3,873.13; the production from the grove was light, 360,853 pounds. A walnut orchard in full bearing is considered worth from $700 to $800 an acre; the bare land from $400 to $500 per acre, under water.

Yours, very truly,

LIMONEIRA COMPANY,
By C. C. TEAGUE, *Manager.*

AMERICAN SAVINGS BANK OF ANAHEIM,
Anaheim, Cal., October 6, 1908.

Mr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: In answer to your letters I will state that the questions you put are hard ones to answer with anything except a guess.

Number of acres in bearing in association, 1,000; number of acres not in bearing, 200; value of bare land, $150 to $300; value of full-bearing orchards, $600 to $750; cost of irrigating per acre, $5; care per acre, $15; cost of harvest (1 cent per pound) per acre, $7.10; estimated output of association this year, 370 tons.

Hoping this will answer your purpose, I remain,

Yours, truly,

A. W. PHELPS.

WHITTIER, *September 19, 1908.*

J. ALLEN OSMUN, Esq., *Whittier, Cal.*

DEAR SIR: Replying to yours of the 4th instant, would say there are in our association 312 acres of full-bearing trees and 302 acres of young trees bearing slightly; total, 614 acres.

There are applications for membership representing 66 acres of full-bearing and 29 acres of trees only slightly bearing; total, 95 acres, for which stock has not yet been issued.

There are 170 acres newly planted orchards not yet in bearing.

The value of the bare land is about $500 per acre and that of the orchards in full bearing about $1,000 per acre.

The cost of irrigation, that is, for the water alone, is $6.15 a year per acre.

The actual care of an orchard, not including the cost of the water for irrigation, is $14 per acre.

The cost of harvesting, that is, gathering and delivering them at the warehouse for shipment, is about 1½ cents per pound.

We have never fertilized. We shipped last year 52 tons 1,043 pounds, from 223½ acres.

We expect our entire output this year to be 150 tons.

Trusting you will excuse delay in not getting this information sooner, we are,

Yours, very truly,

LA HABRA WALNUT GROWERS' ASSOCIATION,
By W. J. GREGORY, *Secretary.*

MOUNTAIN VIEW WALNUT GROWERS' ASSOCIATION (INC.),
El Monte, Cal., November 11, 1908.

Dr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: I inclose herewith the statistics you requested:

Bearing orchards, 2,000 acres; young orchards, 3,000 acres; value of bare land, $300 per acre; value of orchard, $750 per acre; cost of irrigation, $8; cost of cultivation, $10. Total output, 700 tons 1908; 120 tons 1907; 350 tons 1906; 550 tons 1905.

Please excuse my overlooking your letter, as you know a walnut man has had plenty of things to think about this season.

Yours, truly,

E. B. JONES,
Secretary Mountain View Walnut Growers' Association.

OFFICE OF THE CITY CLERK,
Pasadena, Cal., September 15, 1908.

Mr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: I am in receipt of your communication dated September 4, and in reply would say:

Number of acres in full bearing is 85; number of acres not in full bearing, 26; value of bare land, $500 per acre; value of land full bearing, $500 per acre; number trees in full bearing, 2,244; number trees not full bearing, 714. Cost of irrigation is uncertain, because it is

done by the use of city sewage. Cost of maintaining and harvesting of crop is also difficult to say, because the work done at the city farm is not segregated.

Trusting this information may be of value to you, I am,

Respectfully,

W. C. YALE,
Chief Deputy Clerk of the City of Pasadena.

OXNARD WALNUT GROWERS' ASSOCIATION OF CALIFORNIA,
Oxnard, Cal., September 12, 1908.

J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: Answer to your inquiries of the 4th instant has been delayed until I could meet with some of our men able to furnish information needed in this reply. The following, I think, are a pretty close proximate to correct figures:

Number of acres in full bearing in this association, 694; number of acres newly planted, none to speak of; value of bare land, $400; value of orchards in full bearing, $600 (this figure would be $1,000 if we were free from blight); cost of maintenance and harvesting, $35; entire output, 1,780 tons yearly average, covering period of five years.

The number of acres in full bearing stated as 694 includes 100 acres just taken into our association, so that 594 acres is the total land to figure on up to the present season.

Yours, truly, G. W. PARNELL, *Secretary.*

THE SANTA PAULA WALNUT ASSOCIATION,
Santa Paula, Cal., September 10, 1908.

Dr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: Responding to your inquiry of the 4th instant, relative to walnut statistics in this locality, will state that there are about 800 acres of full bearing walnuts represented in our association and about 100 acres in this section which are outside the association. There are about 750 acres of young trees not yet in full bearing. Bare land here can be bought for an average price of $300 an acre without water and $335 with water. The same land in bearing trees will bring $425 and $500 an acre, respectively. Occasionally extra fine land in full bearing with water will bring $850 an acre, but the above figures are an average. I have an orchard, 22 years old, 150 acres, under irrigation, and the total cost of running same, including picking, pruning, irrigating, cultivating, etc., is $25 an acre per year, and the net returns have averaged for the past five years $120 an acre. This is perhaps better than the average here, but I believe $35 an acre will cover the average expense of running a full-bearing orchard, while the average gross income is perhaps $100 an acre. Fertilization is as yet an experiment here, only one of our growers using any at this time. Our land seems to be sufficiently rich to produce good crops without fertilizing. The total output for the association usually amounts to about $90,000 per annum. This however is steadily increasing, and we anticipate total receipts for this year of about $105,000.

Trusting you will find the above information satisfactory, and assuring you of our willingness to furnish you with any further information or details which we may have at hand and that may prove desirable, we remain,

Yours, respectfully,

THE SANTA PAULA WALNUT ASSOCIATION,
By C. THORPE, *Secretary.*

WALNUT FRUIT GROWERS' ASSOCIATION,
Lemon, Cal., November 7, 1908.

Mr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: Inclosed find letter of introduction to Colonel Alexander, of Buffalo, N. Y. As to your questions, would reply as follows:

Acres in full bearing, 200; not in bearing, 300; value of bare land, \$175 per acre; value of full bearing, \$800 per acre; cost of irrigation, \$5 per acre per year; average production, 1,000 pounds per acre; total production, 100 tons.

Yours, truly, R. S. PERSONS, *Secretary.*

LOS NIETOS AND RANCHITO WALNUT
GROWERS' ASSOCIATION (Incd.)
Rivera, Cal., November 10, 1908.

Dr. J. ALLEN OSMUN, *Rivera, Cal.*

DEAR SIR: In reply to your letter of the 9th instant, and in answering questions asked therein will say:

The number of acres in walnuts owned by the 350 stockholders of the Los Nietos and Ranchito Walnut Growers' Association in 6,000 acres; in full bearing, 5,000 acres; not in full bearing, 1,000 acres; value of bare land, from \$200 to \$400 per acre; value of land in full-bearing walnut orchard, \$600 to \$800 per acre; cost of irrigation, from \$10 to \$15 per acre per annum; cost of cultivation, from \$10 to \$15 per acre per annum; cost of harvesting crop, from 1 cent to 1½ cents per pound; cost of fertilization, from \$10 to \$25 per acre. Six years from planting, a walnut grove should pay expense of cultivation.

Trusting that the above covers questions asked, we are

Yours, very truly,

J. A. MONTGOMERY, *Secretary.*

STATEMENT OF MR. FRANKLIN G. COLBY.

Mr. COLBY. I am president of the Philippine Products Company, gentlemen. Three years ago we started, with the good wishes of the government, in Manila, to erect a cocoanut oil factory for the purpose of making ordinary oil, edible oil, and shredded cocoanut. They are three different branches of the industry. We have strug-

gled out in Manila, having had previous experience in the island of Ceylon and the Malay States and the Torrid Zone generally, with the cocoanut oil question, and our experience is possibly larger than that of any other concern in the United States in this commodity, and we have found from our sales, from a beginning of about ten years ago, that the edible oil began at about 15 tons a month, and they have gotten up to about 70,000 tons a year of edible oil of the cocoanut. I am here to-day to advocate the retention of the present tariff on cocoanut oil and cocoa butter, a correction of the present tariff to cover both, and to maintain the duty on shredded cocoanut, but with the proviso that the Philippine products are allowed to come in free; that is an interchange on manufactures, because out there in the Philippines under the American flag we pay all our import duties in American coin, and when we try to exercise some of our privileges as American citizens we do not know exactly who we are or what we are, except law-abiding citizens of that country. The difficulties of the manufacturer—and I am speaking broadly—are tremendous in a new country like the Philippines, where they have had to inherit the old Spanish customs, the superstition of the natives, the dishonesty that is very prevalent among the laboring classes, and the high cost of labor. We pay in Manila—and I desire to lodge with the committee our pay roll—from 100 to 200 per cent more than they pay in Ceylon, which is the greatest point of the industry, and some 100 per cent more than in Singapore.

Mr. Pou. Why is that?

Mr. Colby. The chief reason is because the United States Government occupies Manila, and the Western Coast States of the United States have influenced the native mind to believe that Americans have an unlimited amount of cash, and if they can not get one price they ask another; and another reason is that the occupation of Manila by the American troops, with the restricted houses and the occupation by American officers, compels all the servants to double their wages, and an American to-day, unless he wears the uniform of a United States Army officer, has to pay twice as much as a native.

Mr. Dalzell. Is this article you are talking about the article that comes in now at a duty of 2 cents a pound?

Mr. Colby. Yes; the shredded meat, the dried meat.

Mr. Gaines. I did not catch what you said, exactly. You said an American, unless he wore the uniform of the United States officer, had to pay more?

Mr. Colby. In traveling through any of the provinces in the Philippine Islands, for his transportation and food and lodging—if he is fortunate enough to get it—he pays always double and sometimes treble or more for the same attention a native Filipino would receive.

Mr. Gaines. How about the officer?

Mr. Colby. The officer has the United States emblem of authority, and he receives respect. Even your retired officers are too wise to ignore the privilege that is allowed them, and to travel in civil costume. Some of them take a little whisky with them as well, but it is the uniform which carries the privilege.

The Chairman. If you will proceed, after you conclude, the committee will ask you such questions as they desire to.

Mr. Colby. Certainly, sir. The milk in this cocoanut is the large expense of manufacture there. We are compelled, as will be shown

by our pay roll, to pay larger wages than they pay in Singapore or in Colombo. There they can get a first-class mechanic for from 34 to 50 cents gold a day, and we have to pay a dollar to a dollar and a half a day. They have no old customs, nor have they any aftermath of a war to come up against in their struggles, and they are not trying to educate the Filipino so that he will be able to assume independence immediately or in twenty years. They are just doing business in a businesslike way. In Manila lighterage, or coal, or any expense that we know, even to painting the sign over your door, is so ridiculously high that unless you paid the money out of your own pocket you would hardly believe any witness here as to the expense that it is necessary to go to. So I am a very strong Cleveland advocate of the duty being maintained and giving these Filipinos the opportunity to bring in not only cocoanut oil but also any vegetable oil. There are oils from trees and vegetables out there—distillations—that are unknown to the tariff department of this Government that should come in free. I am not particularly anxious as to anything further than if we can put a duty on anything that comes from the low-class labor countries, such as India, or the Malay States, or Java, for the reason that we pay such high wages to the Filipino and we are educating him; and either the Philippine government should refund a certain percentage to us or we should be relieved of paying these duties. I do not believe I can make it any plainer on those two points. I am pretty familiar with the conditions in the Philippines, and if you wish to ask any questions I will be glad to answer them.

The CHAIRMAN. What paper is that you have there?

Mr. COLBY. I have only my pay roll. That is the most eloquent brief that I could present. I could send you a brief. Olive oil is considered one of the finest eating oils, for salads, in the world, and your government laboratory in Manila has proven beyond doubt that the cocoanut oil exceeds in eating qualities, in the pleasing effect to the palate, any oil in the world.

The CHAIRMAN. You brought that pay roll for a purpose, I suppose. What is that purpose?

Mr. COLBY. It shows my statements are true that these Filipinos have received more than the wages in these other places I have mentioned; it proves the truth of the statement that I make that mechanics in Honkong, Singapore, and Colombo receive from 34 cents to 50 cents a day gold, while we pay $1 to $1.50 a day.

The CHAIRMAN. Have you also a statement as to what they receive in China?

Mr. COLBY. Hongkong is in China.

The CHAIRMAN. Have you a statement to that effect?

Mr. COLBY. No, sir. I will file a statement, if you will permit me, as to the labor.

The CHAIRMAN. We will print that statement you have here, if you desire to have it printed.

Mr. COLBY. I have not any formal statement. If you will allow me to submit a statement, I will submit it to the clerk before I leave.

Mr. DALZELL. Is this article protected in the Philippine tariff?

Mr. COLBY. Yes, sir.

Mr. DALZELL. At what rate?

Mr. COLBY. It is by so many kilos; I think it is on about 25 per cent.

Mr. DALZELL. Is not that a satisfactory rate?

Mr. COLBY. There is no importation or no use of this article in the Philippines. Every Filipino has his own nuts, and he makes his own article. For the oil, he buys it from the local mills.

Mr. DALZELL. What you ask is that it shall come in free?

Mr. COLBY. To the United States; yes, sir.

Mr. HILL. You would want to have the same relations existing between the Philippine Islands and the United States as now exist between Porto Rico and the United States?

Mr. COLBY. Yes.

Mr. HILL. You would want to carry that right around to the Philippine Islands?

Mr. COLBY. Yes; in a commercial way.

Mr. CLARK. You want a tariff for everybody else, but you want free trade for your crop?

Mr. COLBY. Yes; I think we deserve it.

Mr. CLARK. Well, that is a question for argument. I was trying to find out really what you want.

Mr. COLBY. I am not fixing the tariff against everybody else.

Mr. CLARK. I understood you to start out with the proposition that you wanted the tariff to stay as it was.

Mr. COLBY. That has already been fixed.

Mr. CLARK. It has already been fixed. That is what we are sitting here for—to fix it.

Mr. COLBY. I hope you will fix it.

Mr. CLARK. I thought you said you wanted the tariff to stay as it was.

Mr. COLBY. Yes, sir.

Mr. CLARK. On these articles, except that you wanted free trade with the United States for these articles.

Mr. COLBY. Yes.

Mr. CLARK. Now, that is the whole thing.

Mr. COLBY. And that is a very important thing to the Philippine Islands and their commercial crops; a very important thing, sir. Cocoanut is the third on the list of their important articles. You can eat and live inside of a cocoanut tree—the product of a cocoanut tree.

Mr. CLARK. If they can do all that, what do they care about a tariff on it?

Mr. COLBY. We Americans go there and try to put capital there, desire to make money out of the cocoanut, and we can not do it under the competition of cheap labor from China and India.

Mr. CLARK. Well, I am through.

Mr. FORDNEY. You say that you want free trade between the Philippine Islands and the United States in your products?

Mr. COLBY. On all vegetable-oil products or the edible products of these vegetables.

Mr. FORDNEY. Or, in fact, anything you produce there?

Mr. COLBY. Anything we produce there.

Mr. FORDNEY. You would be benefited by that, would you?

Mr. COLBY. Very largely; yes, sir.

Mr. FORDNEY. Are you not in much better condition now than you were before the American occupation of the islands?

Mr. COLBY. We have only been there three years. We have not been there any longer than that, and we can not make interest on our money as we stand to-day.

Mr. FORDNEY. Then the only way you can make interest on your money is to have free trade or to get out of the islands?

Mr. COLBY. Yes, sir; to have free trade or to get out of the islands.

Mr. FORDNEY. Do you think free trade with the Philippine Islands would hurt competitive articles in the United States?

Mr. COLBY. They are so small that they would not be felt.

Mr. FORDNEY. The islands are not so small.

Mr. COLBY. But they are undeveloped. The development of the agricultural products of the Philippine Islands to-day is less than it was before the war.

Mr. FORDNEY. The object would be to develop the industry, then?

Mr. COLBY. Yes; and the difficulties surrounding that development are very great. We are on the world's market without any benefits under the American flag, where we are compelled to pay higher wages for labor and higher duties, and pay higher for everything that is used, and there ought to be some quid pro quo to those speculative and venturesome gentlemen that go to the Philippine Islands.

Mr. FORDNEY. What prices do you pay for labor in the Philippine Islands?

Mr. COLBY. For ordinary labor, 40 to 50 cents a day gold, and to a mechanic a dollar to a dollar and a half a day. Right across the straits you can get the same amount of labor for 20 cents a day gold, and a mechanic you can get for 25 to 30 cents, and it is better labor, and the men will work.

Mr. FORDNEY. And with those prices for labor, without free trade you could not compete in the American markets?

Mr. COLBY. No; we can not compete in the American markets. We can sell better in Europe or some other place than we can by bringing our products to America, because we have less expenses to reach the market.

Mr. FORDNEY. Is it not true that if we should give free trade to all the countries of the world, it would be to the benefit of every other country in the world, and our labor would be reduced to the level of the labor in foreign countries?

Mr. COLBY. It would hurt the labor of the United States if we had free trade with the rest of the world; yes, sir.

Mr. FORDNEY. And it would to a certain extent if we had free trade with the Philippine Islands?

Mr. COLBY. It would hurt them. Their protective tariff prevents their labor from getting down to what it is actually worth.

Mr. FORDNEY. No; but under a competitive tariff would it not hurt American labor and industry to have competition with the free-trade products?

Mr. COLBY. It would certainly bring labor down to its true value, whatever it was.

Mr. FORDNEY. There would scarcely be any prospect of bringing Philippine labor up to the level of the wages paid to American labor, would there?

Mr. COLBY. I think everything that depends on labor in the Philippines would leave. It is so high now that they are all leaving. They have not gotten over the idea that the war is over and the United States Treasury is not behind every individual that goes there.

Mr. FORDNEY. So far as the United States Treasury is concerned, you have free trade now with the United States, have you not?

Mr. COLBY. Yes, sir; they are the only ones that enjoy it.

Mr. CRUMPACKER. In view of the character of native labor in the Philippine Islands and the price of wages, is not the labor cost of production about as high in the Philippine Islands as it is in the United States now?

Mr. COLBY. I can manufacture oil in New York, and all my products, cheaper, and pay $2.50 to $3.50 a day, and get the same tonnage and the same product, and then I do not run the extra risk of thieving, which is a principal characteristic among the laboring classes in the Philippines.

Mr. CLARK. Then why do you not come to New York?

Mr. COLBY. We are stuck in Manila.

Mr. CRUMPACKER. Then the labor cost is fully as high in the Philippine Islands as in the United States to-day?

Mr. COLBY. Yes, sir.

Mr. CLARK. If you can make your products just as cheap in New York as in Manila, why do you not make them in New York?

Mr. COLBY. My dear sir, my hind sight would tell me that I was the biggest fool in the world when I put $175,000 in Manila. I can not get it out of Manila.

Mr. CLARK. I agree with you about that.

STATEMENT OF HON. EUGENE HALE, A SENATOR FROM THE STATE OF MAINE.

Senator HALE. Mr. Chairman and gentlemen of the committee, the immediate occasion of my coming here is a dispatch which I received last night, which says:

Hearing on starch to-morrow. We should have duty on tapioca and other starches that are used in print mills, and others. See letter.

Mr. DALZELL. Senator, you want a duty on tapioca?

Senator HALE. Yes; and certain other products used as starch. This is a matter, Mr. Chairman, in which my constituents, especially in the county of Aroostook, are vitally interested—the agricultural product of potatoes, and the starch factories which consume a certain portion of that product. This letter which I will read will present, perhaps in a better way than I can, the desires and expectations of this part of my constituents. It says:

MY DEAR SENATOR: You are no doubt aware that the hearing on agricultural products and provisions, which includes potato starch, will be held to-morrow, the 18th. A movement may be made by dealers in New York to have the duty on potato starch reduced. You understand we have some 75 potato-starch factories here in our State, and if the duty should be reduced it will close every factory in Maine and would affect every farmer in Aroostook County. The make of starch in our State this fall was almost a failure, for the first time in thirty-five years, and there is a lot of foreign starch now coming in at about $2.20 to $2.80 per hundred pounds. There is at present a specific duty of 1½ cents per pound, and it should be retained, or the great industry will be destroyed. Potato starch, of course, is all that we have to depend upon. If we were obliged to compete with German and Dutch starch, it would mean that we could not pay over 10 cents per bushel for potatoes.

Next comes a point I want to call the special attention of the committee to:

At the time the Dingley bill was passed there was a clause reading as follows:

"Starch, and all preparations used as starch, one and one-half cents."

This was inserted to cut off sago flour and tapioca flour. The duties on these were collected for a year or two years, but by ruling of the Treasury Department they let these products in free, claiming that they were mentioned in the free list, which only meant for household use. I do not object so much to sago flour, as I understand for certain purposes it must be used, but the tapioca flour comes in by thousands of tons, and is used in place of potato starch and cornstarch, and should certainly be classed as starch and have a starch duty.

I wish to call the attention of the committee especially to this matter of tapioca starch. When the provisions of the Dingley bill were framed, through inattention tapioca was not specially provided for as subject to a duty, but the provision of law, "starch, including all preparations, from whatever substance produced, fit for use as starch," was presumed and supposed to cover tapioca.

Mr. Dalzell. Tapioca is on the free list.

Senator Hale. I am coming to that. There was this provision which I have spoken of, but tapioca in terms was left upon the free list. For two years the Government enforced the duties upon tapioca as a starch product used for the same purposes as starch, until the matter got into the courts, and the courts decided that as there was no provision touching tapioca in terms, to be included as a dutiable product, and it was put on the free list, it would not be subject to duty. The inadvertence consisted in this: It was well known at the time that tapioca was a product used, as starch is, for sizing, but the clause should have been inserted, "tapioca, when used for any purposes, like starch, for sizing." But the court decided that as it was left upon the free list it included all tapioca. A curious result, which is an illustration of the different effect of an article protected and an article left unprotected, in the open door, is furnished by the figures. I have been interested, Mr. Chairman, in seeing this illustration.

The Chairman. Senator Hale, paragraph 285 reads:

Starch, including all preparations, from whatever substance produced, fit for use as starch, 1½ cents a pound.

Senator Hale. That I have just read.

The Chairman. Now, I understand they imported some tapioca flour, the compound being the same as the starch, and it can be used for the same purposes, and it was actually used for sizing or filling, and the court finally decided that it came in on the free list as tapioca.

Senator Hale. Yes.

The Chairman. The suggestion has been made in a compilation which we have had made here to change paragraph 285 so as to read:

Starch, including preparations from whatever substance produced, fit for use as starch, whether used for starching, sizing, or filling.

That language would cover, I suppose, what you contend for?

Senator Hale. That is just the language, better stated than I have stated it, that ought to have been put in the original law; but through an inadvertence it was not put in. Nobody believed that it was necessary. One result of that has been that there is a very great importation of tapioca. It ought to be, being used for the same purposes, in

the same grade, subject to the same duty, whatever the duty that the committee makes.

The CHAIRMAN. I think there is no doubt but what Congress intended that tapioca that was fit for use as starch——

Senator HALE. Should be subject to the same duty.

The CHAIRMAN. Should be subject to the duty of 1½ cents a pound.

Senator HALE. Yes.

The CHAIRMAN. While the language seemed plain to me, it did not seem plain to the court, and that suggestion has been made in connection with this paragraph to render it clear so that the court could understand it.

Senator HALE. That covers precisely what my constituents desire. Under this provision there have been already imported, in a single year, of tapioca 43,647,731 pounds, while of the other product the same thing in use has been protected by a duty. The omission in the old statute, which you will cure by this provision, has resulted in that; and that, I may say, Mr. Chairman, without taking any more time now, is the main thing that brings me before the committee, to set right what clearly was an omission in the old act. I am not going to now present any argument against the reduction of the duty generally on starch or on the potato product, because it is so clear a case to me; and it is a case not of indirect competition, but this great industry in Maine is right side by side with the product of the colonial Provinces of Great Britain, and any change or any reduction or removal of that duty would simply bring in that entire New Brunswick product.

Mr. CRUMPACKER. A change or amendment in the tariff along the line of your suggestion would mean necessarily a tariff upon all importations of tapioca, notwithstanding the great bulk of it is used for food purposes, would it not?

Senator HALE. I think that the language suggested here is very guarded—"whether used for starching, sizing, or filling." That is for the committee to consider, whether it would cover tapioca used for what I might call table or household purposes.

Mr. CRUMPACKER. It would be practically impossible to follow the starch to determine the use that is made of it. It would seem to me that the protection of the starch makers would necessitate the imposition of a tariff upon all tapioca imported, because it is all chemically starch and capable of being used as starch.

Senator HALE. That is a matter of judgment by the committee. I am not familiar enough with the processes, by law, of following the product. But it would not seem to be a difficult thing for a provision to be made that would not include tapioca used for household or table purposes. But whether that be so or not, the free, open door for tapioca, as has been shown in the last few years, increasing, as it has done, practically, is an improper and unfair discrimination against the starch manufacturers.

Mr. UNDERWOOD. Senator, I do not know whether you referred to the figures as to the exports and production of starch in this country, but I notice here from the government reports that the total production of starch in the United States amounts to about $8,000,000, and that we are exporting of that amount $1,126,000 worth to the United Kingdom, Belgium, and the Netherlands. In those countries we

come in absolute competition with the European starches and tapioca starches, and we export one-eighth of our product, according to this.

Senator HALE. I think those figures are too high. I have the figures as to the exportation of starch, to the United Kingdom, 11,000,000 pounds; to Belgium, 1,780,000 pounds.

Mr. UNDERWOOD. These statistics give the exports at $1,126,000.

Senator HALE. I thought you said $1,800,000. That is right, it is about $1,100,000.

Mr. UNDERWOOD. It is $1,126,000 worth exported out of a total production of $8,000,000 worth.

Senator HALE. Yes; that is right.

Mr. UNDERWOOD. In those countries they come into competition, without a duty, with the foreign starches, and under those circumstances, as a greater proportion of tapioca is used for food purposes and not otherwise, does not that demonstrate that they are not seriously affected in this market by the tapioca limitation?

Senator HALE. I am not certain that the larger proportion is used for table and household use. I know that if you had a duty put upon it, it would make a very material difference in the starch product and in the encouragement of that industry. I do not know whether you can follow and ascertain what portion is used for table and household use.

The CHAIRMAN. I will state that the Senator will be followed by others who are expert on the subject of starch. I will state further that since I asked you a question awhile ago, I have found that tapioca and sago were made dutiable at 1½ cents a pound in the Dingley bill as it left the House, and the Senate struck out the paragraph and left tapioca as it appears in the law now, on the free list. I do not know whether you are familiar or not with that circumstance.

Senator HALE. I remember a good many things about that, but I do not know about that. It was an oversight.

The CHAIRMAN. The Senate committee did it, and it must have been after careful deliberation.

Senator HALE. I was not unfortunate enough then to be a member of that committee. I know how it has practically operated.

The CHAIRMAN. Have we any assurance that it would not be stricken out again?

Senator HALE. I can only say that just at the present time I am a member of that committee, and I was not then. That is all I can say. I have not put in these statistics. The committee has all of them. I wish to say that the potato industry, the starch industry, is a very picturesque illustration of what may be built up under what we are fond of calling, Mr. Underwood, the protective system. From a little county up in the upper part of my State, with a population of 10,000 or 15,000, it has grown to be the third county in the State, and its great industries are these two, inseparably connected. I remember using the illustration in some hearings we had on the Philippine question. The potato product of Aroostook County is larger than the entire exportation of the United States to the Philippines. It has become a very great industry, and has built up that county from a population of 10,000 or 15,000 to 60,000, and it is dependent upon this industry, potatoes and starch. It has an alien neighbor just over the border with cheap labor and cheap products, and everything is right over the line, and it is an everyday illustration, and in that sense I

know all about it, and I am very glad to have the opportunity of presenting it to the committee, and I am not going into all these figures. You have them before you.

Mr. CLARK. Do you know whether they sell this starch when it goes abroad cheaper than they sell it here at home?

Senator HALE. Oh, well, that is a very old question.

Mr. CLARK. I know it is an old question, and you are an old man.

Senator HALE. There is sometimes a surplus.

Mr. CLARK. Well, do they sell it cheaper abroad? That was a single question.

Senator HALE. That I do not know, about this particular product. I have no idea that they do.

Mr. UNDERWOOD. This particular proposition that you desire placed in the bill would be a protection of the potato industry and not of the starch, because the raw material of starch, the tapioca, comes in free now, and is really a protection for the potato industry and not for the starch industry.

Senator HALE. It is a protection of the starch industry. Of course at the bottom it is a potato product, undoubtedly. As this letter says, if you make any great change here, instead of paying 25 and 30 cents a bushel for potatoes, they will be 10 cents. The Canadian product would come right into our market. I wish some of you could go up there and see the practical illustration and operation of it.

Mr. RANDELL. Has the Corn Products Refining Company anything to do with the purchase or sale of this product you speak of?

Senator HALE. I am glad you asked that question, because I have heard that it has been said that this is in some way connected with and controlled by large establishments, glucose establishments; that it is only a part of the great trust. I can only say as to the Maine product.

Mr. RANDELL. What trust do you speak of?

Senator HALE. I do not know what it is. That is the general allegation.

Mr. RANDELL. I thought you referred to some special trust.

Senator HALE. I do not know. I know that there is nothing of that kind in connection with our product in Maine, not in the least. It is a local industry. You may call it a narrow and small industry, but it is a very vital industry to 60,000 people in Aroostook County.

Mr. RANDELL. Would the decrease of the tariff on this decrease or increase the revenue to the Government?

Senator HALE. On tapioca?

Mr. RANDELL. On starch. Would the revenue to the Government be increased or diminished?

Senator HALE. That question could be asked of a great many things. I think it would drive our industry out of existence.

Mr. RANDELL. If the tariff was placed on it that you ask?

Senator HALE. No; if it was reduced.

Mr. RANDELL. Suppose the tariff was taken off, would it increase or decrease the revenue to the Government?

Senator HALE. I have not looked into that.

Mr. RANDELL. That is an important question for us to consider.

Senator HALE. No; it would not be a great question.

Mr. RANDELL. It would not?

Senator HALE. No; it is not a large question.

Mr. CLARK. How long ago did the court render that decision you spoke of?

Senator HALE. Several years ago.

Mr. CLARK. This stuff has been coming in free all these years?

Senator HALE. And it has been troubling us there very much.

Mr. CLARK. Have not the starch factories and the potato men up in Aroostook County been prospering since that decision?

Senator HALE. They have been affected by it very greatly.

Mr. CLARK. I know; but they have prospered?

Senator HALE. You know that is a very large question.

Mr. CLARK. I know that it is.

Senator HALE. You may say that any establishment that continues and keeps up its work, employs its laborers and pays its bills, and sends it product to market is prospering. The net gains, the profits, of these establishments have not been undue. They have been very moderate.

Mr. CLARK. What I really want to get at is whether, since that decision was rendered practically putting tapioca on the free list, as far as starch is concerned, as well as for table purposes, during those years those potato raisers and starch manufacturers in Aroostook County have prospered to the extent of making a reasonable profit?

Senator HALE. They have prospered enough to keep their establishments going, but there have been no undue profits, no great profits. And they have been hurt by the tapioca, undoubtedly. Undoubtedly they have been hurt. I am inclined to believe that if you do not change this and do not put tapioca with the other starch products, as it ought to be, in the end the importation will practically drive these factories out.

Mr. CLARK. It has not put any of them out since that decision was rendered?

Senator HALE. All of those processes of destruction are gradual.

Mr. CLARK. Yes; they are. Have they asked since that decision was rendered, before this time, to have this change made?

Senator HALE. I never have had the opportunity, before this, of appearing before such a——

Mr. CLARK. I never asked you whether you had or not. I asked you whether these people had that you represent?

Senator HALE. I have been representing them all this time, and there has been no opportunity.

Mr. CLARK. I know you represent them all the time; but the Ways and Means Committee is always in session, theoretically.

Senator HALE. I do not suppose, uncomfortable as it has been for my constituents, that they would have believed that it was of importance enough to invoke the general action of the committee, except in case of a revision of the tariff. Now, it has become accepted that we are going to have a revision of the tariff, and that is what has brought our people here.

Mr. CLARK. The truth is that if this news had not gone out that we were going to sit here for the purpose of having hearings for the purpose of revising this whole tariff business, they never would have put in this petition to have that rate changed?

Senator HALE. Oh, yes; I have been hearing from them for years, and I have told them that nothing could be done until we had a revision of the tariff. That is why I come here now.

Mr. CLARK. That is all.

The CHAIRMAN. I notice that there are on the list some eight or ten people who desire to be heard on the subject of starch, tapioca, and so forth, who have not been heard. I would ask if any one of those gentlemen is prepared to make a petition in favor of the reduction of the duty of 1½ cents a pound?

Mr. MORNINGSTAR. I am, Mr. Chairman.

The CHAIRMAN. Step forward and you will be heard now.

STATEMENT OF MR. JOSEPH MORNINGSTAR, OF NEW YORK, REPRESENTING CHARLES MORNINGSTAR & CO.

Mr. MORNINGSTAR. Mr. Chairman and gentlemen of the committee, I should like to present to you a memorial, which I will read, and then there are certain things which I would like to add afterwards, with your permission.

Mr. Chairman and members of the Committee on Ways and Means, House of Representatives, Sixtieth Congress, Washington, D. C.

Whereas we are before you as importers; we are before you by request of those to whom we sell the goods imported by us. We believe we may lay claim to as much patriotism as the interests demanding protection from competition pleading their cases before you. Neither the foreign maker of goods nor the importer is paying the duty on such merchandise as we must import to fill a specific want. It is the consumer who pays this duty, and the consumers as well as ourselves are as good citizens and as worthy of respect as the favored few who strive to kill competition by virtue of the rates of duty demanded by them.

Because of economic fallacies certain high-grade standards of merchandise are not attainable in the United States, and the consumers must of necessity resort to importations for such high standards. Each brand of merchandise which we import from abroad has never been and is not duplicated in quality on this side of the ocean. The trouble in the past has been that the protected interests were so well protected that standard of quality did not become so essential, as it would have had the several industries thus protected been in competition with each other and with foreigners as well.

It is a remarkable fact that with all their protection, covering decades, the American manufacturers consuming agricultural products such as potatoes should have so little to show in the way of scientific and mechanical progress. Too much protection has put them to sleep.

We are ready to demonstrate by samples of any desired quantity all that we say herein.

Corn starch and corn-starch products.

The Corn Products Refining Company, Standard Oil Company, with offices at No. 26 Broadway, New York City, owns and controls over 75 per cent of the combined corn starch, corn dextrine, corn glucose, and grape sugar interests of this country. Such concerns not under their direct ownership are led by them to maintain prices dictated by this virtual monopoly.

The starch trust sells its products abroad at lower prices than in the United States.

When the price of corn in this country does not meet with the trust's approval it buys heavy cargoes of corn imported from the Argentine Federation.

Before the formation of this starch trust corn starch sold during many years at prices ranging from less than $1 per 100 pounds to $1.50 per 100 pounds. Since the formation of this starch trust, with great improvements in chemistry and mechanical device to aid them, the prices for corn starch have been materially advanced, and at this day the price for corn starch in carload lots in its cheapest form, packed in bags, is $2.65 per 100 pounds, freight base New York. It can be conclusively demonstrated that for many years this concern had never based its prices for starch on the cost of the bushel of corn. When it was a matter of competition, to the end of destroying its rivals, the price was never material at any time.

The cost of labor entering into modern starch manufacturing represents but a mere fraction of the cost of the goods, and it is evident that the trust is availing itself of the present duty to keep its prices clear up to the neck of its protection. This question of "cost of labor" is most important, for based on same, we are told, the Committee on Ways and Means will recommend legislation, as it proposes to do, in the matter of "reasonable profit" to the manufacturers. We request the worthy Committee on Ways and Means to exact of the starch trust a sworn certificate stating the exact cost of labor to the hundred pounds of starch manufactured by it, omitting, of course, bureaucratic official charges and other irrelevant charges.

The sales methods of this starch trust are too well known for extensive repetition. One should bear in mind, however, the fact that through the so-called "profit-sharing contract" it makes competition next to impossible, and concerns who are buying from them under this contract must ask their permission to purchase analogous goods of superior quality to theirs for fear of vitiating their competition-destroying agreement. We have proof positive to demonstrate this and will be glad to submit such proof.

The Dingley bill at present in operation imposes a duty of 1½ cents per pound on all starches and glucose. This duty represents 100 per cent and over of the selling price of corn starch in former years in normal times.

The Corn Products Refining Company, through its servants, has for the past two years endeavored to have sago, tapioca, and cassava flours placed on the dutiable list as "starch." In this the trust was defeated in both attempts in the Treasury Department. Sago had been retained on the free list by virtue of a decision in the lower courts. Tapioca flour, however, is on the free list because of a Supreme Court decision. When the trust recognized the futility of attacking tapioca flour in the Treasury Department it tried to avail itself of an irrelevant clause of the "pure-foods regulations," through the Department of Agriculture, and through its machinations all importations of tapioca flour were held up for several days, but ultimately released under pressure.

The consumers of this country are anxious to avail themselves of other starches and starch products than those owned and controlled by the starch trust, and to this end we ask relief from duty imposed

on all starches and starch products, and that sago, tapioca, and cassava flours be retained on the free list.

Potato starch and potato-starch products.

The potato-starch industry in this country has had for three decades the same protection as the corn-starch industry, with the following results:

For the greater part, by far, the potato-starch factories in this country have remained primitive to a ridiculous degree. There are few factories making potato starch on semimodern principles, but there is not one potato-starch factory in the United States which equals in its process of manufacture the process of the German factories making high-grade potato starch and potato-starch products.

Not alone is the starch in every way inferior to the high-grade German starches, but there is not enough of it produced to give this market the potato starch and the potato-starch product of the required standard of excellence.

Because of the inferiority of the starch itself, the dextrin made therefrom is likewise inferior, and can not command within a cent per pound the price paid for the high-grade imported dextrins. The existing rate of duty for potato and all other dextrin is 2 cents per pound.

With the extensive protection enjoyed by the potato-starch makers of this country from away back, not one pound of potato glucose has ever been produced in this country.

Since the enforcement of the "pure-foods law" there has sprung up in the United States a good demand for the imported German potato glucose, because of its superiority over the corn glucose made here. This superiority is evidenced by the fact that after paying a duty of 1½ cents per pound the consumer is willing to pay a price almost double that of the domestic corn glucose. There is not a single concern in this country to be protected by the duty exacted. We therefore ask that the duty on the imported potato glucose be removed and this article placed on the free list.

This year, for instance, there will not be a pound of potato dextrin made in this country. The scarcity of potato starch makes the price for conversion into dextrin prohibitive. The shortage of potato starch will this year create a deficit of many thousands of tons, which will have to be made good from abroad, and the consumers will have to pay the high and unreasonable duty of 2 cents per pound on all the dextrin imported.

On our importation of potato products this year, and this year is not a normal year for prices because of a partial crop failure abroad, we are paying duties at the following rates:

For potato dextrins, highest grade, costing $6.12 per bag of 220 pounds, we pay a duty of $4.40 per bag, equivalent to 71½ per cent.

Mr. UNDERWOOD. Will you explain what potato dextrin is?

The CHAIRMAN. You had better let him finish his statement first.

Mr. UNDERWOOD. I do not understand the technical term.

The CHAIRMAN. We will have to go all over it again, anyway.

Mr. MORNINGSTAR. It is converted starch. It is a starch product.

Senator HALE. It is burned starch.

Mr. MORNINGSTAR. Burned starch, converted starch.

For potato starch, highest grade, costing $4.92 per bag of 220 pounds, we pay a duty of $3.30 per bag, equivalent to 67 per cent.

For imported glucose, highest grade, costing $6 for 220 pounds, we pay a duty of $3.30, equivalent to 55 per cent.

The following is a list of luxuries paying a lower rate of duty than potato starch or dextrin:

	Per cent.
Statuary of metal	45
Statuary of marble	50
Laces	60
Candy of highest grade	50
Bronzes	45
All manufactures of silks	50
Jewelry	60
Bicycles	45
Automatic and all music boxes	45
Wall papers	25
Wall hangings of paper or cotton, about	35
Champagne	50
Manufactures of ivory	35
Precious stones, cut but not set	10
Manufactures of silver and plated silverware	45

All of these luxuries, with the exception of laces and jewelry, pay a lower rate of duty than imported potato glucose.

CHAS. MORNINGSTAR & CO.

The CHAIRMAN. You are a member of the firm——

Mr. MORNINGSTAR. Of Charles Morningstar & Co.

The CHAIRMAN. Which brought an action against the United States for the free entry of white dextrine?

Mr. MORNINGSTAR. No, sir; to have it placed on the starch list; not on the free list, but on the starch schedule.

The CHAIRMAN. To have it placed on the starch schedule?

Mr. MORNINGSTAR. Yes, sir; paying 1½ cents instead of 2 cents.

The CHAIRMAN. And the court finally held against your contention, did they not?

Mr. MORNINGSTAR. Do you know why, though, sir? It held against my contention although I had proven scientifically——

The CHAIRMAN. I supposed their opinion was so. I never read it.

Mr. MORNINGSTAR. I will tell you——

The CHAIRMAN. I do not want you to go into that.

Mr. MORNINGSTAR. I will tell you. It is a starch, chemically proven a starch by the United States Laboratory, by Doctor Moore and Doctor Berry.

The CHAIRMAN. If you will excuse me, I do not want to try that case over again.

Mr. MORNINGSTAR. Yes, sir.

The CHAIRMAN. It is all reported in the Federal Reporter, and we can examine that, but we are pressed for time this afternoon. The most important thing just now is to find out whether the duty on starch should be reduced from its present figure, and the amount of the reduction in case one is made. I find that there are a number of factories—131 establishments in the United States—with an invested capital of $7,000,000. The number of wage-earners is 2,051, and the wages paid are $1,132,874. The value of the output was a little over $8,000,000, and the percentage of the cost of labor was about 16 per cent, a trifle over 16 per cent, in this country. We would

welcome any information as to the difference in cost of manufacturing starch in this country and manufacturing it abroad. It would be of more value to us than any argument on the decision of the court or anything else.

Mr. MORNINGSTAR. In order to be exact in that I will offer an addendum to this memorial, stating as exactly as I can the exact cost of starch abroad and in this country.

The CHAIRMAN. File it as promptly as you can.

Mr. MORNINGSTAR. I will file it as promptly as I can.

Mr. UNDERWOOD. I want to ask you if the present duty on starch is not practically prohibitive—the small amount that is imported compared with the amount produced?

Mr. MORNINGSTAR. Produced?

Mr. UNDERWOOD. Yes.

Mr. MORNINGSTAR. Absolutely, as a commodity.

Mr. UNDERWOOD. This tapioca that comes in here, does it come in as tapioca starch or does it come in as tapioca?

Mr. MORNINGSTAR. It comes in as tapioca flour or cassava flour.

Mr. UNDERWOOD. Is that to be used in the place of starch, or is it to be used in competition with starch, requiring manufacture?

Mr. MORNINGSTAR. No; it can be used in place of starch; but while primarily I think it was used as a starch, it was also used as a food product, and is now, in one of its largest outlets, a food product.

Senator HALE. There are three kinds of tapioca.

Mr. MORNINGSRAR. Yes; but I am speaking of the flour.

Mr. UNDERWOOD. How much does the tapioca flour, that comes in free of duty in competition with starch, go into the field that had been occupied by the starch industry?

Mr. MORNINGSTAR. That would be a very hard question to answer; but this is certain—that the Americans are unpatriotic enough to want all they can get just now of that free stuff.

Mr. UNDERWOOD. I want to get some information as to the competition. I notice here, in the figures that are given by the statistician, that our exports of starch to foreign countries amount to 51,000,000 pounds, valued at $1,126,000. I want to know whether that export of starch comes in competition with the tapioca flour abroad?

Mr. MORNINGSTAR. Yes, sir; of course it does.

Mr. UNDERWOOD. And meets that competition?

Mr. MORNINGSTAR. And meets that competition, just as it has to do here, provided it goes out and meets that specific competition.

Mr. UNDERWOOD. You stated a while ago that they sold the products of starch abroad cheaper than they sold them at home.

Mr. MORNINGSTAR. Yes, sir.

Mr. UNDERWOOD. Do you know what the difference is in the price?

Mr. MORNINGSTAR. I will give you that information. I will give it to you directly from English sources.

Mr. UNDERWOOD. I wish you would.

Mr. MORNINGSTAR. I will give you that information. I have not it with me.

Mr. CRUMPACKER. One question, Mr. Morningstar. Do you know what percentage or proportion of the tapioca that is brought to this country is used for food and about what proportion is used for purposes of starch?

Mr. MORNINGSTAR. I am guilty of being one of the largest importers here, and by far the greater part of that which I sell goes into food.

Mr. CRUMPACKER. The greatest part goes into food?

Mr. MORNINGSTAR. Oh, yes; more than 75 per cent.

Mr. CRUMPACKER. Do you know about how much tapioca is imported into the United States annually?

Mr. MORNINGSTAR. I have not the exact figures.

Senator HALE. I have the figures here.

Mr. MORNINGSTAR. I have not the exact figures. I believe they were given by Senator Hale.

Mr. CRUMPACKER. He did not announce the figures. It is a subject of common use for food throughout the United States, is it?

Mr. MORNINGSTAR. Yes, sir.

Senator HALE. The amount is 43,647,731 pounds, or about 19,000 tons.

Mr. MORNINGSTAR. Gentlemen, I should like to add just one thing, with your permission, on the subject of tapioca.

The CHAIRMAN. Mr. Morningstar, I wanted to ask you a question a moment ago, but I can not think what it is. Tapioca flour, according to the information I have, is chemically the same as starch?

Mr. MORNINGSTAR. Yes; but the Supreme Court decision which I have here says there is a difference between it and starch. There is a clause there that I can refer to.

The CHAIRMAN. No, no; I do not want to go into that.

Mr. MORNINGSTAR. You do not want some more of this legal business?

The CHAIRMAN. I do not want to have two men on the floor at the same time.

Senator HALE. The decision in the Chinese case covers it.

Mr. MORNINGSTAR. Yes; that is the specific case.

The CHAIRMAN. You say it is chemically the same?

Mr. MORNINGSTAR. No; it is decided that it is not the same in that case.

The CHAIRMAN. Is it substantially the same?

Senator HALE. In its uses; yes.

Mr. MORNINGSTAR. I will tell you we can substitute certain things with tapioca, but not others.

The CHAIRMAN. It answers a portion of the uses?

Mr. MORNINGSTAR. A portion of them.

The CHAIRMAN. Is there any good reason why tapioca and starch should not be placed in the same paragraph in the tariff—either free, as you urge, or with a duty, as the manufacturers of starch urge?

Mr. MORNINGSTAR. I should say, offhand, that they should not.

The CHAIRMAN. Are they competing products?

Mr. MORNINGSTAR. They are; but sour flour is a competing product with starch, too.

The CHAIRMAN. What is that?

Mr. MORNINGSTAR. Sour wheat flour is a competing product with starch.

The CHAIRMAN. Hardly, I should think.

Mr. MORNINGSTAR. Oh, indeed it is. In former years it was a tremendous competition. There were southern mills down near Graniteville——

The CHAIRMAN. You have answered my question.

Mr. MORNINGSTAR. Yes, sir; there are other things.

The CHAIRMAN. Have the members of the committee any further questions?

Mr. FORDNEY. I want to ask Mr. Morningstar a question. You heard Senator Hale say that with the present tariff on starch the manufacturers of that article do not get more than a reasonable profit. What have you to say about that?

Mr. MORNINGSTAR. If they have not done so it is because of the fallacies of their process; because they are making it in a very primitive fashion up in Maine.

Mr. FORDNEY. Then Yankee intelligence is not up to the standard where it belongs.

Mr. MORNINGSTAR. As I said in my brief, there was not enough incentive through competition to bring about any progress.

Senator HALE. It is not as good as the Dutch process?

Mr. MORNINGSTAR. Oh, not nearly so good as the German process.

The CHAIRMAN. Have you seen any gentleman here who manufactures starch and exports it abroad?

Mr. MORNINGSTAR. Who exports it abroad?

The CHAIRMAN. Yes; have you seen any here to-day?

Mr. MORNINGSTAR. Oh, my, yes! Here is Mr. Walden, for one, who exports it.

The CHAIRMAN. We will ask him about that when he gets your place. Are there any further questions?

Mr. BOUTELL. What is cassava?

Mr. MORNINGSTAR. Cassava is a root very similar to the tapioca. It belongs to the same family. They are very often confounded with each other.

Mr. BOUTELL. Is it used for anything else but food?

Mr. MORNINGSTAR. Oh, the same as tapioca—the same exactly.

The CHAIRMAN. Is tapioca manufactured from this root?

Mr. MORNINGSTAR. Yes, sir; it is ground from it.

The CHAIRMAN. Is it manufactured from anything else?

Mr. MORNINGSTAR. No, sir.

The CHAIRMAN. Is there any substitute for tapioca manufactured from something besides this root?

Mr. MORNINGSTAR. There is no direct substitute for tapioca.

The CHAIRMAN. Now as to this white dextrin. Was that the subject of your litigation?

Mr. MORNINGSTAR. Yes, sir.

The CHAIRMAN. Was that starch?

Mr. MORNINGSTAR. That was a starch.

The CHAIRMAN. That was a starch?

Mr. MORNINGSTAR. A starch; a modified starch.

The CHAIRMAN. And not a dextrine?

Mr. MORNINGSTAR. And not a dextrine. We proved that—that it was a starch.

The CHAIRMAN. The court was against you, it seems; but we will not go into that matter now. I only wanted to get your idea of it. Are there any further questions?

(There was no response.)

The CHAIRMAN. Is there any other gentleman here who wishes to be heard on this subject?

Mr. F. T. WALSH. I should like to speak, Mr. Chairman, if you please, on the tapioca question. I think I can answer some of the questions that have been asked. But I should like to give way for a moment to Mr. Stein. However, I will speak now if you would like to have me.

The CHAIRMAN. There are several more gentlemen on the list with reference to starch, and I think the committee will have to limit you to an hour altogether in order to get through with this agricultural schedule.

Mr. LEO STEIN. I will only take about five minutes.

Mr. WALSH. I will give way to Mr. Stein, and then talk immediately afterwards.

The CHAIRMAN. We will hear you first. How much time do you want?

Mr. WALSH. About five or ten minutes; that is all.

STATEMENT OF F. T. WALSH, ESQ., OF BOSTON, MASS.

The CHAIRMAN. Give your name and residence, please.

Mr. WALSH. My name is F. T. Walsh. I am here representing Thomas Leland & Co., of Boston.

I wish to speak on two subjects—tapioca (which, of course, comes into the starch category) and dextrin. And I should like to say that I intend to transmit to you a brief and give you all the facts I can on the subject, so as not to take up any more of the time of the committee than necessary. But I should like to make a statement here in regard to tapioca.

The gentleman from Maine has given us an address on the question of the competition which tapioca gives to the Maine starch maker. It seems to me that he has drawn rather a long bow on that point. In other words, the situation to-day is this: I wrote the other day to a starch manufacturer in Maine and asked him for a price on potato starch, and asked him if he proposed to make any this year. His reply was as follows: "I have a few tons on hand which I am holding for a better price. I would not sell them for less than 4¼ to 4¾ cents." And (in language in which there was a dash, anyway) he said: "The potato crop of Maine is too good. We can not make starch from the potato crop of Maine to-day, because a sale is found for all the crop for food purposes."

The CHAIRMAN. They raise the best potatoes in the world in Maine, do they not?

Mr. WALSH. They claim to; yes, sir. So that the price of potato starch to-day is not based on any competition except the competition of the man who consumes it on his table.

In regard to tapioca starch, if you want to go into the chemical part of it, although I have been a chemist all my life I would not dare to make the statement that it is chemically the same as starch, for, in the first place, you must state what starch is. In regard to its uses, there is a use which no one has yet touched upon. Under the last tariff, which definitely puts tapioca on the free list (and it was kept there by the Supreme Court), an industry has grown up in this country using tapioca flour—tapioca or tapioca flour, if you will—in making a gum which is used on envelopes and on every postage stamp that is used in this country.

Senator HALE. That is a kind of mucilage?

Mr. WALSH. It makes a mucilage or gum. In the first place, I doubt if we could make as good a quality from the potato starch; but it does not compete in that way with potato starch. But it does enable us to do this: It enables us to make a dextrin with American labor, American capital, and supply this need for the envelope makers and for others using that sort of an article. And therefore it seems to me that having allowed an industry of this kind to grow up on a basis of free trade in tapioca, which really, in my opinion (and I have been in the manufacture of calico prints and in bleacheries, and have followed the business), competes very little with the potato starch, it is hardly fair to simply shut it off by saying, with a pen, "This article shall pay a duty of a cent and a half a pound." That is my contention as to starch.

Another point which it is just as well to remember here is this: I doubt if there is a pound of potato starch being sold in the country to-day, made either in Maine or in the West (that is, in the New England district, where all the textile people, or a good many of them, are located, and along the seaboard in the South), for this reason: The moment potato starch in this country rose from about 3¼ cents to 4¾ (and western potato starch to-day is quoted in the vicinity of 4¼ cents) foreign starch, which, under a duty of a cent and a half, can come in at a little under 4 cents (viz, about 3.9) was brought in to the extent of hundreds of tons. The tapioca market remains the same; the importations have not increased. In other words, the manufacturers have not gone to tapioca, but they have gone to foreign potato starch.

Now, as to dextrin: As you know, dextrin is a roasted product made from starch. You might call it baked starch; and in that same category, as you carry them, are the British gums, which are roasted still further. Then there is another line of what are called "soluble starches" or "modified starches," which are starches which have been treated with acid or heat, or both, and produce a certain soluble modification of starch which contains, as a rule, a certain percentage of dextrin. And within the last year we who have imported this article or made it have been much troubled by the ruling of the customs officials, viz, that it is a question of how much dextrin a starch contains whether it comes under the starch duty or whether it comes under the dextrin duty. I contend that all modifications of starch should come under the dextrin duty. Then we will know where we stand.

The CHAIRMAN. Do you manufacture starch?

Mr. WALSH. No, sir; we manufacture the products of starch; that is, this soluble starch I speak of.

The CHAIRMAN. I thought you were pointed out as a man who sold starch abroad.

Mr. WALSH. No, sir; you have got Mr. Walden mixed with me. You called my name and you would not let me go.

In regard to dextrin I will not bother you but a minute. The condition in regard to dextrin is this: Under the present conditions of the market we can not manufacture dextrin even with the extra duty of half a cent a pound, and even under the normal conditions of the potato-starch market in this country we can hardly compete in making dextrin from potato starch.

The CHAIRMAN. Is there any more labor connected with making potato starch than with making cornstarch?

Mr. WALSH. You have got me there. I should not think there was, but I do not know.

The CHAIRMAN. Where is the difference in the cost that makes it so much more expensive to make potato starch here than abroad? What element of the cost of manufacture makes up the difference of nearly 2 cents per pound, according to your statement?

Mr. WALSH. Potato starch abroad sells, I think, for about 2½ cents. Here it sells for——

The CHAIRMAN. Three and nine-tenths, I think you said.

Mr. WALSH. Three and nine-tenths to-day.

The CHAIRMAN. And domestic starch sells for 4½ cents?

Mr. WALSH. Yes; but——

The CHAIRMAN. And there is a duty of a cent and a half a pound?

Mr. WALSH. But we have got to take normal conditions. The condition of the starch trade to-day is abnormal. It is away higher than the average price. The average price of American starch, potato starch, is about 3¼ cents.

The CHAIRMAN. Whatever the difference is, what is the difference in the process of manufacture between the two countries that makes this difference?

Mr. WALSH. I should say offhand, in the first place, that it was the cost of labor. I think it is a well-known fact that laboring people in Germany work for a good deal less than they do in this country. Then, again, there is the element of speculation, you might say. If the crop is good, it all goes into use for food purposes; if it is bad, it goes into starch. So that they never quite know where their raw material is coming from.

Mr. CLARK. Is not an element that enters into it the perfecting of the business to such an extent that they raise more potatoes to-day than we do?

Mr. WALSH. They may do so; but, on the other hand, that is merely a matter that will work out in time.

The CHAIRMAN. Is not the potato market higher in Germany than it is here—the price of potatoes in the market?

Mr. WALSH. I think so, at times.

Senator HALE. Undoubtedly.

The CHAIRMAN. It varies very much in this country from day to day.

Mr. WALSH. I propose to give you all of that information if I can. I am going to try to get you all that data. I simply want to say, in conclusion: Keep tapioca on the free list. Do not change the duty on dextrine.

The CHAIRMAN. How long is it since the Supreme Court put tapioca on the free list?

Mr. CRUMPACKER. That was in 1900.

Mr. WALSH. Nineteen hundred, I believe.

Mr. BONYNGE. Eight years ago.

Senator HALE. Mr. Chairman, may I ask a question? What would your concern do if dextrine was put on the free list, Mr. Walsh? Would you go out of business?

Mr. WALSH. Practically. I should begin to import it.

Senator HALE. That is all.

STATEMENT OF LEO STEIN, ESQ., OF CHICAGO, ILL.

Mr. Stein. Mr. Chairman and gentlemen, I am a member of the firm of Stein, Hirsch & Co.

Mr. Clark. Located where?

Mr. Stein. In Chicago and New York. We manufacture starch; we have developed the western potato starch industry; and we import tapioca flour. I think I can answer most of the questions that you gentlemen have proposed.

I only want to touch on a few points, as I expect to give you more elaborately a brief setting forth in detail the important things that ought to come to your attention.

First of all, in regard to tapioca flour. I do not agree with Senator Hale, that it comes in competition with potato starch. I have before me a telegram which I received to-day from Boston, which is the very best evidence to prove that statement. I believe the Senator read a letter from Messrs. Eustis, Bennett & Co., stating that there is a famine in the crop of potato starch this year. The statement, however, should have been qualified. There is a famine in the crop in Maine, because, instead of getting 20 cents a bushel for their potatoes at the factory, the starch makers have been able to get about 70 to 75 cents a bushel by sending them to market, and that is the only reason for the famine there. Tapioca flour has scarcely varied in price during the time in which, in the last six weeks, potato starch has advanced from $3\frac{3}{8}$ cents per pound to nearly 5 cents per pound—that is, domestic potato starch. Tapioca flour has been at about $2\frac{5}{8}$ cents for the high grade all this time, and has not varied; it is $2\frac{5}{8}$ cents to-day.

I was referring to this telegram in connection with my statement that tapioca flour does not affect the potato-starch market. I have received this telegram since I have been here to-day, which says that 2,400 bags of Holland potato starch have just arrived in Boston, imported by Messrs. Eustis, Bennett & Co. So that they have not resorted to tapioca flour to supply the potato-starch trade, and for a very simple reason: That with very few exceptions tapioca flour can not be used as a substitute for potato starch. The Amoskeag Mills, which are probably among the largest cotton mills in the country, have absolutely refused to entertain the use of tapioca flour to any extent in their mills. They claim that it can not be used as a substitute for potato starch.

I think that my firm is perhaps the pioneer firm in the tapioca flour industry. It has been developed during the past five or six years. Last year, out of a total importation of about 9,000 tons, we imported over 7,000. The bulk of the tapioca flour that has been brought in has been used in the manufacture of envelope gum, or dextrin, as Colonel Walsh has just related. The next largest portion has been used for edible purposes. Only a trifling amount has been used for sizing purposes, and that only for a particular kind of finish which could not be produced by potato starch or any other starch. So that, in general, tapioca flour can not be used as a substitute for potato starch. I think those of you gentlemen who possibly come from mill districts, if you make inquiries, will find that my statement is correct—that they can not and will not substitute tapioca flour for potato starch or vice versa. It can not be done.

So that we come down practically to this point—that tapioca flour is used here chiefly for the manufacture of envelope gum, envelope dextrin, such dextrin as is used here by the Bureau of Engraving and Printing on the backs of the stamps. That gum can not be made out of any other article than tapioca flour. Many years ago we used the potato dextrin, but we could not produce any such gum as we do from the tapioca flour, so that the requirements of the department have always been "dextrin made from tapioca or cassava," the latter being another name for tapioca.

The CHAIRMAN. It would not make it any more expensive to the Government whether there was a duty on it or not. If the imposition of a duty should result in raising the price the Government would still get the duty, so it would get the money back.

Mr. STEIN. I am not using that as an argument for not imposing a duty, but simply to show that you can not substitute one for the other. So that I may say that the entire industry of the envelope gum, in which I think there are eight or nine firms engaged, is absolutely dependent upon obtaining its tapioca flour free of duty.

Senator HALE. How long has that been?

Mr. STEIN. There are eight firms that I know of now—eight corporations that I know of; eight different businesses during the past four or five years. There are eight at the present time.

The CHAIRMAN. Proceed.

Mr. STEIN. That was the main point that I wanted to ask you gentlemen to consider—that tapioca does not act as a substitute for starch, nor can starch act as a substitute for tapioca flour, and therefore tapioca flour should remain free. When we come to the subject of dextrine, which should really be considered as a subject by itself, I do not know whether you gentlemen want me to take up your time on that point now, because you are trying to stick to the starches. But I will simply say that the competition in Germany in all kinds of dextrine, whether made from tapioca flour or from other kinds of starch, could not withstand the loss of the duty if it were taken off.

The CHAIRMAN. Has the committee any questions to ask?

Mr. HILL. I should like to ask one question. The German tapioca flour imported here is used very considerably for making bologna sausage, is it not?

Mr. STEIN. To a very small extent; yes, sir.

Mr. HILL. I have been told so.

Mr. STEIN. Yes; and tapioca flour has not been able to substitute that potato starch.

You asked some questions a little while ago with regard to the manufacture of starch in Germany, and why it was that potato starch could be made so much cheaper over there. The potato industry stands in the same relation to Germany as the corn-starch industry does to this country. They have their potato districts concentrated, thus enabling large factories to manufacture potato starch over there, and therefore they produce a cheap product. And of course they have very cheap labor. It costs them about one-third of what we pay here.

The CHAIRMAN. Do we have any large potato-starch factories here?

Mr. STEIN. No, sir.

The CHAIRMAN. How many bushels of potatoes will one of those large factories consume in a year?

Mr. STEIN. The season for potato-starch making in this country is about two months.

The CHAIRMAN. I say, during the season how many bushels of potatoes will one of the large factories consume?

Mr. STEIN. I think the largest potato-starch factory in this country will not turn out to exceed 1,000 tons a season.

The CHAIRMAN. And how many bushels of potatoes will that take?

Mr. STEIN. We figure about 9 pounds to the bushel, in general. In Germany the potato gives a yield of about 12 pounds to the bushel.

The CHAIRMAN. About 12 pounds?

Mr. STEIN. About 12 pounds to the bushel.

The CHAIRMAN. Twelve pounds of potatoes to the pound of starch?

Mr. STEIN. No; 12 pounds of starch from a bushel of potatoes.

Mr. FORDNEY. How many tons of starch do you say you turn out?

Mr. STEIN. Here?

Mr. FORDNEY. You have mentioned how many tons were turned out from one of the factories each year.

Mr. STEIN. No; the chairman asked me how many tons were made by the largest of the potato-starch manufacturers here.

Mr. FORDNEY. Out of potatoes?

Mr. STEIN. Out of potatoes; and I stated that about 1,000 tons were made by the largest one; not to exceed that.

Mr. FORDNEY. One thousand tons?

Mr. STEIN. Yes; but that is a very small firm. There are many small manufacturers.

Mr. BONYNGE. How many potato-starch factories have we, do you know?

Mr. STEIN. At present I should judge there are perhaps fifty or sixty. We used to have in New York State the potato-starch industry. Twenty years back New York State itself had about fifteen or eighteen factories. Now, however, there are not more than one or two factories left in New York State.

Mr. CRUMPACKER. Are you engaged in potato starch manufacture now?

Mr. STEIN. No; we simply advance money to the potato starch manufacturers. We have developed the industry in the Northwest.

Mr. CRUMPACKER. In your opinion, the fact that tapioca is on the free list does not in any way affect the potato-starch industry in this country?

Mr. STEIN. Not only does it not, but it never has; and the price of potato starch, according to statistics, will show that no matter what price tapioca flour has sold at it has never affected the price of potato starch. To-day potato starch is higher than it ever was and tapioca flour is fairly low.

Mr. CRUMPACKER. And on the free list?

Mr. STEIN. And it is on the free list.

Mr. BONYNGE. What is the reason these factories went out of business in New York?

Mr. STEIN. The principal reason was that the farmers were able to sell their potatoes in the market for better prices than the factories could afford to pay for them for the purpose of making starch from them.

Mr. BONYNGE. That is, there was no money in the potato-starch business?

Mr. STEIN. They could make a great deal more money on their potatoes than they could on the starch.

Senator HALE. There are over 70 starch factories in Maine.

Mr. STEIN. Well, I said "approximately." I am not accurate about the number.

Senator HALE. There are over 70 in Maine.

Mr. STEIN. The total production of potato starch in this country is about 14,000 tons annually.

The CHAIRMAN. Are there any further questions? If not, that is all.

STATEMENT OF E. B. WALDEN, ESQ., OF NEW YORK CITY, N. Y.

Mr. WALDEN. Apparently you wanted me, Mr. Chairman, on this matter. I was not slated to speak on it, however.

The CHAIRMAN. I have your name down here. It got to the clerk in some way.

Mr. WALDEN. One of your number wanted to know something about the exportation of starch to the other side, I believe.

The CHAIRMAN. Have you given your name and address?

Mr. WALDEN. My name is E. B. Walden, of New York, representing the Corn Products Refining Company. I am the sales manager of the Corn Products Refining Company—that "odious trust" that some gentleman spoke of here a few minutes ago.

The CHAIRMAN. Do you export starch?

Mr. WALDEN. Yes, sir.

The CHAIRMAN. In what quantities?

Mr. WALDEN. We export normally about 12,000 bags of starch a month—cornstarch. We are makers only of cornstarch.

Senator HALE. How many pounds?

Mr. WALDEN. That runs about 280 pounds to the sack.

Mr. HILL. How much does that mean in pounds?

Mr. WALDEN. In pounds it would run in the neighborhood of 200,000 pounds, would it not?

The CHAIRMAN. It depends upon how many pounds there are in a bag.

Mr. WALDEN. There are 280 pounds to the sack.

Mr. GAINES. How many bags do you say?

Mr. WALDEN. About twelve or fifteen thousand a month.

The CHAIRMAN. And what quantity do you sell to the United States?

Mr. WALDEN. In comparison with that amount?

The CHAIRMAN. Yes; or simply the amount of it.

Mr. WALDEN. We sell about four times more than that in the United States—three times more, to be accurate.

The CHAIRMAN. Give us the prices at which you sell abroad and at home.

Mr. WALDEN. I think, Mr. Chairman, that in making that statement you should allow me to preface it, at least. Those who have preceded me on this starch matter would have you believe that the Corn Products Refining Company have a monopoly of the starch business—that is, the corn starch business—in this country. But that is a very unfair statement. They are suffering, like a great many other concerns, from competition, and very severe competition. We have, in

the first place, domestic competition on starch. Out of a production of about 140,000 bushels of corn a day in starch and starch products we do not grind all that amount of corn, but only 105,000 bushels a day, leaving about 35,000 bushels to our competitors. On the other side we have very severe starch competition in England. There are large starch manufacturers in the Glasgow district. There are also large manufacturers in the London section. Those manufacturers in London and in Glasgow have been, during the last year, buying corn 10 cents a bushel cheaper than we could in America.

The CHAIRMAN. Where did they get it?

Mr. WALDEN. They got it from the Argentine Republic and from the Danubian region. We have to pay 10 cents a bushel duty on corn. We do not ask you to reduce that duty; but we do say that when we come in contact with that foreign competition, where we are obliged to sell our goods at an absolute loss and in a foreign market, we are entitled to some consideration.

The CHAIRMAN. Do you import corn?

Mr. WALDEN. We have imported corn; yes, sir.

The CHAIRMAN. For your foreign trade?

Mr. WALDEN. Four our foreign trade. It was not a profitable investment.

The CHAIRMAN. In order to get the rebate?

Mr. WALDEN. We got 15 cents a bushel, less 1 per cent. We tried to make a business transaction out of it to lessen our losses in the European market.

The CHAIRMAN. Under those circumstances I suppose you could buy it as cheaply as they could in Great Britain?

Mr. WALDEN. Yes; but we have got to send our products to Great Britain. They took that corn there at 10 cents a bushel less than ours to start off with, and 10 cents a bushel is, roughly, 30 cents a hundred in the cost of our product.

The CHAIRMAN. You did not buy it from the Argentine Republic?

Mr. WALDEN. Yes, we did.

The CHAIRMAN. They got it at 10 cents less on freights?

Mr. WALDEN. They did.

The CHAIRMAN. How did they get it cheaper than you do?

Mr. WALDEN. I do not know. Probably they bought it at a time when it was cheaper than when we bought it. But the relative value of corn, Mr. Chairman, between the foreign market and our American market during this past year (an unusual year in corn) has been about 10 cents a bushel.

Mr. UNDERWOOD. In a normal year how is it?

Mr. WALDEN. In a normal year it is pretty near even; it has been in the last few years.

Mr. UNDERWOOD. An even break?

Mr. WALDEN. It is about an even break. Now, we sell our products there to meet this competition which exists. I have been manufacturing these goods for twenty-five years. We used to have an enormous trade in the United Kingdom. We have, by patient work and a large expenditure of money, developed this corn-products industry to almost perfection at the present time; but we still find, with conditions against us, that we have got to go into the English market and sell our products there at a loss if we want to sell them at all. We have patronage there; we have had it over there for a great many

years, and we desire to retain it. Some day those people will "buck up."

The CHAIRMAN. On the average, how much less did you sell your products for there in the year 1907?

Mr. WALDEN. In the year 1907?

The CHAIRMAN. Or any year you can give?

Mr. WALDEN. I can make a better comparison with this year than to try to remember, offhand, the figures of last year. They sell for about half a cent to 60 cents a hundred less in the English market than in this market.

The CHAIRMAN. And what is your price per hundred in this country?

Mr. WALDEN. To-day the price is $2.65 per 100 pounds in New York.

The CHAIRMAN. Have you sold your product at $2.05 in England?

Mr. WALDEN. Yes. We have sold it better than that. No—did I make the statement that it was 65 cents a hundred? We have never sold at anything less than $2.15 in the United Kingdom. My subtraction was poor. Our price to-day on the market there is $2.25 a hundred pounds.

Mr. HILL. And $2.65 here?

Mr. WALDEN. And $2.65 here.

Mr. BONYNGE. Is there a profit in it at $2.25?

Mr. WALDEN. No; not at the present price of corn.

Mr. BONYNGE. How much loss is there?

Mr. WALDEN. Roughly, about 10 cents a hundred—from 5 to 10 cents a hundred.

Mr. FORDNEY. If you sell at all, you must sell in competition with their products?

Mr. WALDEN. We must sell in competition with the market there and the conditions that exist there.

Mr. FORDNEY. How about your machinery? Was the preceding gentleman correct when he stated that you were not up in efficiency in manufacturing in this country?

Mr. WALDEN. I do not think he referred to us, sir. He referred to the potato-starch industry. The corn-starch industry is an entirely different matter. He did say, however (if you will refer to him), that the duty on candy was the same as on our product, glucose (or, with Doctor Wiley's permission, corn sirup). It is obvious why it is. Candy contains at least 75 per cent of cane sugar; and the rate on sugar you gentlemen are familiar with. That is the reason why candy bears the duty that it does. It is not fixed because it is glucose.

The CHAIRMAN. Mr. Walden, I want to ask you this question: Taking into consideration the rebate of 15 cents a bushel, less 1 per cent, that you get on the duty on corn imported from the Argentine Republic, what is the difference between the cost of that corn brought here and manufactured into domestic starch, or for the domestic market, and the corn bought in the Argentine Republic and manufactured abroad?

Mr. WALDEN. The difference, Mr. Chairman, would be about 45 cents a hundred.

The CHAIRMAN. Forty-five cents a hundred?

Mr. WALDEN. That is, if both corns were alike—one corn as good as another.

The CHAIRMAN. Yes.

Mr. WALDEN. Corn varies in its glory as stars do. We have got to get our yield out of corn to make it a profitable undertaking.

The CHAIRMAN. In other words, about 45 cents a hundred?

Mr. WALDEN. No; we consider the net of the corn when we are figuring on it. We figure on the net of the corn. When I tell you, sir, that corn costs 10 cents a bushel less in England than it does here, I mean net.

The CHAIRMAN. Oh, you mean taking into consideration the rebate?

Mr. WALDEN. Certainly, sir.

The CHAIRMAN. Exactly. That is what I wanted to get at.

Mr. FORDNEY. What is the difference in the freight on corn from the Argentine Republic to New York and to London, England? Is there any?

Mr. WALDEN. That I do not know, sir. That I do not know. You see, it is only in the last two years, or perhaps three years, that this competition has assumed the proportions that it has, and the consumption of corn has grown in the United Kingdom.

Mr. FORDNEY. Figuring that they were the same, you are at a disadvantage in the amount of the freight from here to England?

Mr. WALDEN. Yes; unless our American corn should be given to us at less money.

Mr. FORDNEY. And then the cost of labor in producing it here—is that anything?

Mr. WALDEN. The cost of labor has naturally got to be considered in the farming, the handling, and the growing of the corn.

Mr. FORDNEY. I mean in the extraction of it in your factories.

Mr. WALDEN. Oh, yes, indeed. The price of labor here, American labor—if that is interesting to you, I can give it to you—is a very important part.

Mr. FORDNEY. It is greater, is it?

Mr. WALDEN. Oh, yes; considerably greater.

Mr. FORDNEY. About how much greater?

Mr. WALDEN. Our average wage that we are paying in all our factories is in the neighborhood of $2.50 a day for common labor. Their wage is not one-half that.

Mr. FORDNEY. That is all.

Mr. CLARK. The average wage for foreign laborers in the United States is not $2.50 or anywhere near it.

Senator HALE. You mean in your establishment?

Mr. WALDEN. I said we were paying that wage, sir, in our establishment.

Mr. CLARK. I know; but he was asking you about the cost of producing corn.

Mr. FORDNEY. No; I asked him about the cost of production of starch from corn in the factory, Mr. Clark. If you have the figures showing the difference in wages, will you kindly put them in the record?

Mr. WALDEN. I will, sir.

Mr. FORDNEY. Thank you.

Mr. UNDERWOOD. In a normal year in this country, when corn is at a normal price, do you buy your corn of American manufacturers?

Mr. WALDEN. Entirely.

Mr. UNDERWOOD. And when it is at a normal price you are enabled to manufacture it here and sell it abroad at a profit?

Mr. WALDEN. We have not been able to do it in the last three or four years—the last three years, at least.

Mr. UNDERWOOD. What price can you pay for corn in the domestic market and sell it at a profit abroad?

Mr. WALDEN. We have got to have it in the neighborhood of 20 cents a bushel less than it is now. At a profit, you say?

Mr. UNDERWOOD. Yes.

Mr. WALDEN. Yes; I should say about 15 cents a bushel, roughly speaking.

Mr. UNDERWOOD. I notice in these statistics here that one-eighth of the production of starch in the United States is exported. How much of your business is export business?

Mr. WALDEN. We have more than three parts domestic to one part export of the grade of starch you are referring to.

Mr. UNDERWOOD. You have stated that you are exporting that starch at a loss to-day?

Mr. WALDEN. We are.

Mr. UNDERWOOD. How long have you been exporting it at a loss?

Mr. WALDEN. I would hate to take as my salary from the Corn Products Refining Company the loss we have had this year on our foreign business.

Mr. UNDERWOOD. I say, how long have you been in the business of exporting it at a loss—how many years?

Mr. WALDEN. We have been in the business of exporting at a loss all through this year and part of last year.

Mr. UNDERWOOD. At a loss?

Mr. WALDEN. Yes.

Mr. UNDERWOOD. What is the purpose of maintaining that trade at a loss?

Mr. WALDEN. I think I answered that before, by saying that we had been in that market for a good many years. We were doing business there long before these taxes were established. Our hope is that some day the conditions will resume there that existed beforehand. Mind you, we have been doing business in the United Kingdom market for twenty-five or thirty years.

Mr. UNDERWOOD. You expect, then, that conditions will return to a point where you can enter the United Kingdom market and sell your product at a profit?

Mr. WALDEN. That is our hope, or we would not stay in it.

Mr. UNDERWOOD. And in that market you compete with the foreign starches on a free-trade basis?

Mr. WALDEN. That is the case.

Mr. UNDERWOOD. So that the practically prohibitive tariff that is now on starch is more than would be necessary for you to run your business in normal times and make a profit?

Mr. WALDEN. I do not see how you figure that.

Mr. UNDERWOOD. If you can compete in European markets——

Mr. WALDEN. We are competing at a loss. It is not competition commercially.

Mr. UNDERWOOD. But you said that you had competed at a profit in normal times, and you expected to compete at a profit again in normal times.

Mr. WALDEN. Yes; but there are very many conditions that would enter into that. This article that Senator Hale was talking about—tapioca—may have been very high, or other starches may have been very high, to enable us to sell our starches at a profit there.

Mr. UNDERWOOD. But you just said you expected conditions to return under which you could compete in that market at a profit.

Mr. WALDEN. We naturally do. We have had them before.

Mr. UNDERWOOD. Then that is the expectation of your trade, and there you deal on a free-trade basis. You have no protection. Under those circumstances, where your competitors, instead of your paying the cost to Europe (which you stated was high), have got to pay the cost of transportation to this country, I want to know, in a normal market, where is the occasion for a protective tariff upon your products?

Mr. WALDEN. Well, sir, if we have got to compete against cooly labor in making certain kinds of starches, we might just as well go out of the business. We are paying our labor a good, honest wage; and, as I told you, our average wage is a matter of $2.50 a day—easily $2.40 a day apiece. Just compare that with the wage that is paid in the East Indies for starches that are made there and sent into the United Kingdom, or sent into this country, and your question is answered.

Mr. UNDERWOOD. I am taking your own statement. You said that you anticipated that in a few years conditions would reach a point where you could go back and compete in that market at a profit.

Mr. WALDEN. Yes; but perhaps I did not make myself quite clear that there are natural conditions that exist there now, one of which is that this crop of sago or tapioca is a short crop. Then we have our inning, and we get, naturally, all the traffic will stand in those countries. That is business.

Mr. UNDERWOOD. What does it cost you to ship your product to the English market—the United Kingdom?

Mr. WALDEN. For freight?

Mr. UNDERWOOD. Yes.

Mr. WALDEN. The freight is, roughly, about 7 or 8 shillings per ton—or 9 shillings—along there.

Mr. UNDERWOOD. Nine shillings would be about $1.75?

Mr. WALDEN. Oh, no; 9 shillings, roughly, would be 10 cents a hundred on the price.

Mr. UNDERWOOD. Ten cents a hundred would be the freight?

Mr. WALDEN. Ten cents a hundred would be the freight; yes.

Mr. UNDERWOOD. What is the freight paid by your foreign competitor to the United States?

Mr. WALDEN. The same thing.

Mr. UNDERWOOD. So that when he is selling here you have a freight differential in your favor of 10 cents a hundred?

Mr. WALDEN. No. How do you make that?

Mr. UNDERWOOD. Did you not say that the freight from his point to the United States was 10 cents?

Mr. WALDEN. Yes; but he starts off by making his goods from cheaper corn.

Mr. UNDERWOOD. I am simply talking about the freight. Eliminating everything else, on the freight question he has——

Mr. WALDEN. Why, he has not got his goods any cheaper in my market than I have got my goods in his market.

Mr. UNDERWOOD. No; but when you go to his market you have to pay 10 cents freight extra; and when he comes to your market he has to pay 10 cents freight in order to get in?

Mr. WALDEN. Certainly. That is true of all commerce. That is territorial distribution.

Mr. UNDERWOOD. Is not that difference sufficient to enable you to control the home market without a protective tariff?

Mr. WALDEN. No. Ten cents a hundred? Why, a variation of a cent a bushel in the price of corn, or a few cents a bushel, would do that.

Mr. UNDERWOOD. I do not understand that yet. You do not make it clear to me how you can go into a foreign market in normal times and meet the competition there, and yet you can not meet it here.

Mr. WALDEN. I have not said anything about not meeting competition here. I think you have misunderstood me.

Mr. UNDERWOOD. I mean, meet competition here on the same terms, without a tariff to protect you.

Mr. WALDEN. Am I not doing it to-day? Am I not meeting the competition Senator Hale spoke about in regard to tapioca and sago and other free starches in this country? I am meeting that competition.

Mr. UNDERWOOD. Then the present tariff rate is not necessary for the maintenance of your industry?

Mr. WALDEN. For one article it is, decidedly.

Mr. UNDERWOOD. What is that?

Mr. WALDEN. That is the article that I was going to speak of here to-day, and if you will permit me, Mr. Chairman, I will just touch on that matter—the sago matter, sago flour.

Mr. CLARK. Mr. Chairman, before he does that I should like to ask two or three questions. I should like to understand how it is that an Englishman can get South American corn 10 cents a bushel cheaper than you can.

Mr. WALDEN. I can not answer that question, sir.

Mr. CLARK. You did say once, somewhere in your testimony, that perhaps it was because they bought at a more favorable time than you did. If that is true, that was just an accidental circumstance.

Mr. WALDEN. No; you have got two statements confused, I think. The chairman asked me if we bought any Argentine corn. I said we did. He said: "Did you not buy that corn as cheaply as the Englishman could have bought it?" I said: "No; we had to pay 15 cents a bushel duty."

Mr. CLARK. That is the tariff?

Mr. WALDEN. Yes.

Mr. CLARK. But you undoubtedly stated—it may have been inadvertently—that this South American corn cost you 10 cents more a bushel than it cost them.

Mr. WALDEN. No; I did not say the South American corn cost me 10 cents a bushel more.

Mr. CLARK. The Argentine corn, then.

Mr. WALDEN. I am talking about American corn. American corn this year has averaged 10 cents a bushel higher to the American consumer of corn than the corn offered in the markets of London. That is the statement I wanted to make.

Mr. CLARK. The corn offered in the markets of London is not equal, however, to the corn raised in the United States. I state that on the authority of the Secretary of Agriculture.

Now I want to ask you another thing: Corn within the United States is higher now than it has been within your recollection, is it not?

Mr. WALDEN. Yes, sir.

Mr. CLARK. It is 15 cents a bushel higher than it has been?

Mr. WALDEN. Yes, sir. It is a good deal more than 15 cents—yes; about that.

Mr. CLARK. This year it is selling out in the Mississippi Valley—I do not know what it sells for in New York—at about 60 cents a bushel.

Mr. WALDEN. Yes, sir.

Mr. CLARK. Last year it sold for 45 cents a bushel at this time of the year.

Mr. WALDEN. Yes.

Mr. CLARK. Do you know how much it sold for a year before? I have forgotten; I did not have any to sell then.

Mr. WALDEN. It was not quite as high, if my recollection serves me, the year before; but I have seen this selfsame corn down to 13 cents a bushel.

Mr. CLARK. I sold corn last year at 45 cents myself. Up until either last year or year before—I have forgotten exactly when it was that it did take the jump, but it was either last year or year before—prior to that corn sold out there where the corn is raised at about 30 cents a bushel, did it not?

Mr. WALDEN. Yes; that was about the price, sir.

Mr. CLARK. You were working then in the hardest year that you have had anything to do with since you have been in the cornstarch business?

Mr. WALDEN. I made the statement just now to the gentleman that in the last three years we have sold our goods in the United Kingdom at a loss. That is one of the answers.

Mr. CLARK. I know; but I was trying to get at the price of corn.

Mr. WALDEN. To make that worse, we have been willing to pay the American farmer 10 cents a bushel more for the corn than our English competitor can buy corn for and manufacture his stuff.

Mr. CLARK. That is because our corn is better than that corn. Is not that a fact?

Mr. WALDEN. No; with all due deference to our American corn, we know absolutely that the corn that we brought in from the Argentine Republic showed us about 2 per cent less starch extract, a little more corn-oil extract, and about the same percentage of feed that our American corn does.

Mr. CLARK. How would that make it average up? Which would be the better corn?

Mr. WALDEN. We would buy at an even price American corn.

Mr. CLARK. The Agricultural Department informed me a year or two ago in a letter that South American corn for some reason was not as good as North American corn.

Mr. WALDEN. It depends upon what you want it for, sir. The South American corn is a very hard berry, a very small, little berry, that looks almost like popcorn. You have seen it, of course. It is very different from our corn.

Mr. HILL. About what is the total production of starch in the United States, in round numbers?

Mr. WALDEN. Starch?

Mr. HILL. Yes; starch.

Senator HALE. About 8,000,000.

Mr. HILL. Fifty or a hundred million pounds, or what?

Mr. WALDEN. I have not got it quite that way.

Mr. HILL. Do you not know substantially? I do not want it exactly.

Mr. WALDEN. I can give it to you in another way.

Mr. HILL. Any way in which you can give us the information will do.

Mr. WALDEN. I can only speak of the cornstarch industry; I am not familiar with the potato-starch industry. There is, roughly, 140,000 bushels of corn ground per day. That is equivalent to about 45,000,000 bushels per year that is ground for cornstarch and cornstarch purposes. I can not separate them. That is equivalent, in acreage, to 1,750,000 acres of corn.

Mr. HILL. What is it equivalent to in pounds of starch—100,000,000 pounds?

Mr. WALDEN. If you will multiply that roughly by 25, you will get it.

Mr. HILL. Oh, I do not care within 10,000,000. Do you not know, substantially, about what the production of starch is in this country?

Mr. WALDEN. You see, when you say "starch," sir, it means "starch products" to me. The unit I think of is the amount of corn that you convert into starch, and from starch into liquids and other materials.

Mr. HILL. What I want to know is the amount of starch.

Mr. WALDEN. The amount of starch only?

Mr. HILL. Yes.

Mr. WALDEN. No; I can not give you that offhand. I would have to figure it up.

Mr. HILL. What would you think?

Mr. WALDEN. In pounds?

Mr. UNDERWOOD. It would be about 400,000,000 pounds, would it not?

Mr. WALDEN. It will take a little computation on my part to get at it.

Mr. HILL. About how much does your Corn Products Company make?

Mr. WALDEN. I say, again, that if I come right down to a bushel basis, I can tell you to-day what we grind in corn for starch purposes.

Mr. HILL. Can you tell me substantially, in round figures, how much starch you make in a year?

Mr. WALDEN. Yes; if you will wait a moment. I thought, however, that the chairman wanted to progress on this matter a little faster.

(After making computation.) We make about 8,000,000 or 9,000,000 (roughly speaking) pounds of starch a day.

Mr. HILL. Each year?

Mr. WALDEN. No; a day.

Mr. HILL. A day?

Mr. WALDEN. Certainly, sir.

Mr. HILL. Nine million pounds a day?

Mr. WALDEN. One moment; let me be sure I am right in my figures. No; wait a moment—900,000 pounds. I got a cipher too much on there, but that is immaterial.

Mr. HILL. That would be about 270,000,000 pounds a year?

Mr. WALDEN. That is right.

Mr. HILL. Do you think there is as much as that produced in the United States?

Mr. WALDEN. Yes.

Mr. HILL. And that your concern produces?

Mr. WALDEN. No, no; I am speaking of the corn-starch industry.

Mr. HILL. Oh, the total corn-starch industry. What proportion of that do you produce?

Mr. WALDEN. We produce about 105,000 out of 140,000, speaking in bushels.

Mr. HILL. That is, you produce 75 per cent?

Mr. WALDEN. Yes, sir; in the neighborhood of 75 per cent.

Mr. HILL. You stated that you exported 12,000 bags at an average of 200 pounds to a bag. Is that correct?

Mr. WALDEN. That is about correct; yes. That is the normal average.

Mr. HILL. Who exports the rest? I see that there is a statement here that in 1905 the exportation of starch was 51,000,000 pounds; and according to your statement you only export 2,400,000 of it. Who exports the rest?

Mr. WALDEN. I think you are mistaken on that; are you not?

Mr. HILL. I may be.

Mr. WALDEN. On the 51.000.000, I mean.

Mr. GAINES. He is talking about cornstarch.

Senator HALE. That refers to all kinds of starch.

Mr. WALDEN. Yes—that is, at least, all kinds of starch that are made here. I only have a record of my own production that I am referring to here. That is the cornstarch.

Mr. HILL. Who are the producers of this other starch—this 49,000,000 pounds, roughly, in addition to the 2,000,000 that you export?

Mr. WALDEN. How is that?

Mr. FORDNEY. Corn starch or potato starch?

Mr. HILL. All kinds of starch. I do not imagine there is much potato starch. We import twice as much as we export.

Senator HALE. That is about 2,500 pounds.

Mr. WALDEN. There is a very small percentage of that. It is, roughly, 200,000 bags, is it not? That is 16,000 bags or 15,000 bags a month. I do not quite see where you get your figures on that. Fifty-one millions of pounds is equivalent to in the neighborhood of 200,000 bags, is it not?

Mr. HILL. The trouble is that you are talking about corn starch and we are talking about all kinds of starch.

Mr. WALDEN. I told you that we exported in the neighborhood of about 12,000 a month. That would be equivalent to about 90 per cent of that. Apparently my competitors do not care to fight in the English market.

Mr. HILL. You do not seem to get the point upon which I want information. I am asking this one question: If you produce 75 per cent of the corn starch that is produced in the country, and export 12,000 bags, say, at 40 cents, why do you not sell it all here, instead of selling it abroad at all at a lower price, and get just as much money out of it here and perhaps more?

Mr. WALDEN. Why, my dear sir, we would not do anything of the kind. We are selling goods over there at a ruinous loss to-day in the foreign markets. Do you ask us to sell at the same price here?

Mr. HILL. Do you mean to tell me that the Corn Products Company is deliberately selling its goods abroad at less than cost, and not occupying the market which it could occupy in the United States at the same price?

Mr. WALDEN. We are not leaving any market neglected here in the United States—no; but we are selling the goods on the other side at a loss. That is a positive statement. I have explained that quite clearly.

Mr. CRUMPACKER. Your exportation amounts to 12,000 bags a year?

Mr. WALDEN. Twelve thousand bags a month, I said. That is, roughly, 50,000,000 pounds.

Mr. CLARK. Mr. Witness, how much cornstarch do you get out of a bushel of corn?

Mr. WALDEN. How much? Oh, to make a rough computation, in the neighborhood of 25 or 27 or 28 pounds to the bushel, depending on the bushel.

Mr. CLARK. How much do you get for it?

Mr. WALDEN. Where do you mean?

Mr. CLARK. Anywhere—here, abroad, or anywhere else.

Mr. WALDEN. In Chicago our price to-day on the finished product is 2½ cents a pound.

Mr. CLARK. That is in Chicago?

Mr. WALDEN. Yes. That is the best place.

Mr. CLARK. How much do you pay for corn now?

Mr. WALDEN. Corn is costing us about 64 or 65 cents in Chicago.

Mr. CLARK. In Chicago?

Mr. WALDEN. Yes.

Mr. CLARK. Where do you make the finished starch—at Chicago or New York?

Mr. WALDEN. Well, there is your price at Chicago; just take your price of corn and figure it against Chicago.

Mr. CLARK. All right. These prices that you have been talking about are your New York prices for starch, or are they your Chicago prices, or are the prices the same in Chicago and New York?

Mr. WALDEN. No, no. The gentleman who preceded me quoted the price of $2.65 in New York. There is 15 cents a hundred freight to New York City. That is $2.50 in Chicago.

Mr. CLARK. I see.

Mr. CRUMPACKER. What, if any, change are you asking in the tariff schedules upon starch?

Mr. WALDEN. I am asking that something be done on the question of sago flour.

Mr. CRUMPACKER. And that only?

Mr. WALDEN. Only on sago flour; that is my only request.

Mr. CRUMPACKER. You are satisfied with the present rate on starch?

Mr. WALDEN. I am satisfied with the present rate on starch.

Mr. CRUMPACKER. And you are not asking that tapioca be taxed?

Mr. WALDEN. Tapioca does not interest us particularly.

Mr. CRUMPACKER. It is no competitor of yours?

Mr. WALDEN. It is a competitor of potato starch. Sago flour is the cheap stuff that comes from the East Indies and is a direct competitor of cornstarch.

Mr. CRUMPACKER. For what reason do you ask for a tax on sago flour?

Mr. WALDEN. For the simple reason that it is imported into the market here, free of duty, at a price at which we can not produce our goods.

Mr. CRUMPACKER. How does it interfere with your production? Is it a competitor of cornstarch?

Mr. WALDEN. Oh, yes; a decided one.

Mr. CRUMPACKER. What other uses are there for sago flour in this country?

Mr. WALDEN. It is used as tapioca is used, for sizing purposes, as Senator Hale has explained.

Mr. CRUMPACKER. Do you use it for food purposes?

Mr. WALDEN. When it comes in as pearl sago it is used for food purposes.

Mr. CRUMPACKER. Can a distinction be made commercially between pearl tapioca used for food purposes and commercial tapioca?

Mr. WALDEN. I am talking about sago.

Mr. CRUMPACKER. Or sago?

Mr. WALDEN. Oh, yes, sir.

Mr. BONYNGE. Can the same distinction be made in the case of tapioca?

Mr. WALDEN. I am not so familiar with the tapioca situation; I am not competent to talk relatively.

Mr. CRUMPACKER. So that if a reasonable tariff should be put upon commercial sago, for instance, leaving pearl sago on the free list, it would not interfere with that portion of the importation that is used for food purposes; would it?

Mr. WALDEN. I should not think so. I do not know anything about pearl sago as a food article. I never come in contact with it. I only know it by hearsay.

Mr. CRUMPACKER. Is the kind of sago flour that you use, or that competes with cornstarch, fitted for food purposes?

Mr. WALDEN. Yes; the higher grades of sago could be. It is only a question of washing starch to refine it, you know. All starch, in its degree of washing, is pure or impure.

Mr. CRUMPACKER. You think, then, that it would be a wise thing to impose a tax upon sago flour, an article that is of general consumption for food purposes in the country, to protect the cornstarch industry?

Mr. WALDEN. No; I do not.

Mr. CRUMPACKER. Then what are your reasons?

Mr. WALDEN. My reason is this: Last year we imported free of duty 9,000,000 or 10,000,000 pounds of sago that comes into this country in direct competition with cornstarch, made in this country; and it is sold here. I doubt very much whether half a million pounds would be sold if it were not for the fact that it sells 1 cent or three-quarters of a cent a pound cheaper than cornstarch. The importation of sago simply means, roughly, a loss to the American farmer of 400,000 bushels of corn last year that would have been consumed as cornstarch; or, on the question of wage to the American laborer, 8,000 men for one day at the wage of $2.50 a day.

Mr. FORDNEY. Mr. Walden, you stated that you marketed about 25 per cent of your product abroad, did you not?

Mr. WALDEN. One gentleman was asking me about starch, I think, sir. He was talking about starch. Our products from starch are legion, almost. We make some thirty-odd products.

Mr. FORDNEY. Whatever it is, at all events, when you are doing that you are running at your fullest capacity?

Mr. WALDEN. That would be an average.

Mr. FORDNEY. In other words, if you sell 75 per cent of your product in the American market now, could you make it as cheaply by running three-quarters time as you could by running full time?

Mr. WALDEN. No; of course not. In the ratio in which the unit is considered in the manufacturing of your product so will your economy be.

Mr. FORDNEY. Then by running at your fullest capacity, employing all the men that can be employed in your factory, and marketing one-quarter of your product abroad, you manufacture cheaper than you otherwise would, employ more labor, and consume more raw material?

Mr. WALDEN. Oh, yes; we do, sir.

Mr. FORDNEY. If you pay the American scale of wages, no one should question what you sell for abroad, then?

Mr. WALDEN. Decidedly so; decidedly so. If we want to lose money and fight a situation over there, that is our business, pure and simple.

Mr. FORDNEY. You do pay the American scale of wages, do you?

Mr. WALDEN. We do, indeed.

Mr. FORDNEY. And you do pay the American price for your raw material?

Mr. WALDEN. We do, indeed. We imported here a little Argentina corn in the hope that we might lessen this loss that was occurring abroad. We found a difference of 2 or 3 per cent in that corn. The corn arrived here in poor condition, and all that sort of thing. But I do not want to tire you on this starch question, gentlemen. It was not my thought to say a word about it.

Mr. CRUMPACKER. What other products do you make in connection with cornstarch? Is cornstarch a by-product?

Mr. WALDEN. No.

Mr. CRUMPACKER. What by-products do you make?

Mr. WALDEN. When we take the corn we steep it for a matter of from thirty to sixty hours. We loosen up the starch that is in the corn berry. We separate that kernel to get the starch out of it. That, by a process, is floated out; or, rather, it is washed out and floated. The germ and other lighter materials of the berry will float off, and

the starch, which is heavy, will settle to the bottom. We gather that starch, wash it, rewash it, and make it into a dozen different kinds of starches for the different purposes for which it may be used. If it is wanted for a mill, it will be a sizing starch. If it is wanted for the table, it must be a purified, edible starch. If it is wanted for the laundry, we have got to refine that starch to give it to you in the shape in which your housewives will find it acceptable for laundry purposes. Then, again, the starches have got to be made for dextrin purposes. That is the calcining of the starches. And then we pass from the starch item, and we go over and find that the same starch, or, rather, the same idea of starch in a wet form (that is, not dried) will pass into our refineries, and there we convert it into a sirup—literally a sirup; in a sense a sugar sirup. It is a sugar. It is one of the sugar family. That is made in several different grades, for several different purposes. It is used for many other purposes; it is used in the arts, and in all sorts of ways.

Mr. CRUMPACKER. That is what is commonly called glucose?

Mr. WALDEN. That is commonly called glucose. Glucose is a predigested food, literally. It is just the same thing, exactly, that goes on in every man's anatomy when he eats a potato, or anything else containing starch. It is a question of the action of the gastric juice upon starch, converting it into an assimilable fluid. That is what glucose, or corn sirup, is. Then we get our by-product, which is oil, from the germ, the heart, the kernel of the corn, the propagating part of it. We press that, and get a corn oil out of it which we refine and sell. Then we sell the cake from the presses. We take the feed portion, the cellulose portion of the corn, which contains gluten, and make a health feed out of it, called "gluten feed."

Mr. CLARK. I want to ask you one more question that will straighten up this corn business. Do the by-products which you get out of corn pay as much as the whole cost of manufacturing the starch?

Mr. WALDEN. Not a bit of it. You ask if the by-products that we get will run up as much as the cost of making the corn into starch?

Mr. CLARK. Why, yes. That is the question I ask you. I am not counting the price of the corn, but——

Mr. WALDEN. That is not the way we figure our cost, sir.

Mr. CLARK. Do you get enough out of the by-products in this process of manufacturing corn into starch to pay the whole cost of manufacturing?

Mr. WALDEN. I do not know quite how to answer that question for the reason that every product of the business is a product. If you ask me what starch costs, I can tell you; if you ask me what oil costs, what feed costs, what glucose costs, or anything else, I can tell you. Why do you not ask me whether all the other products that we make out of corn will pay the cost of making starch?

Mr. CLARK. No; I ask you a simple question. I do not know whether you can answer it or not.

Mr. WALDEN. I do not think I am competent to answer it.

Mr. CLARK. Now, I am going to ask you another one, then, on that basis. How much do you get out of a bushel of corn ultimately for all of these products—I do not care a straw whether you call them by-products or not.

Mr. WALDEN. We can not get out of a bushel of corn any more starch than is in the corn, and we can not get quite that.

Mr. CLARK. But you did testify that you get 28 pounds of starch out of a bushel of corn?

Mr. WALDEN. Yes.

Mr. CLARK. What goes into the rest of it; and how much do you get out of the rest of it, if you can tell? Of course I do not expect you to perform impossibilities, but I am simply after information.

Mr. WALDEN. I am not turning any handsprings; I think I can do that, though.

Mr. CLARK. Very well.

Mr. WALDEN. We get, roughly, 28 pounds of starch out of a bushel of corn. That is a good yield. We get about 12 pounds of feed out of it. We get about a pound and a half of oil out of a bushel, and we get 1¾ pounds of cake. Those are rough statements. A bushel of corn theoretically is 56 pounds; but there never was a starch manufacturer that found that number of pounds in a bushel. We never got a bushel of that kind.

Mr. CLARK. Do you not buy 56 pounds for the bushel?

Mr. WALDEN. Yes; 56 pounds of corn, containing, to-day, 10 per cent moisture, if you please.

Mr. CLARK. Of course, you have got to take the weather as other people have.

Mr. WALDEN. Certainly, certainly. Then, besides that, we sometimes get things that are objectionable—not intentionally put in, of course; never any silk umbrellas—but we do get bricks and everything else.

Mr. CLARK. Yes; I know that. I have seen some things about that myself. You have not told me yet, however, how much you get out of the money value of the bushel of corn when it is put into your product.

Mr. WALDEN. I think, sir, I am occupying your time more than I ought to.

Mr. CLARK. No; we want to get at the facts.

Mr. WALDEN. I did not come here to speak on this subject, and if the chairman will allow me I will submit those figures gladly.

The CHAIRMAN. That will be satisfactory.

Mr. WALDEN. I am taking up an unusual amount of your good time.

Mr. CLARK. One other question on another subject and I will let you go.

Mr. WALDEN. Thank you.

Mr. CLARK. The fact that you can manufacture cornstarch the year round and these potato men can only manufacture potato starch two months out of the twelve gives you a vast advantage in the manufacture of cornstarch as against potato starch, does it not?

Mr. WALDEN. I would rather be in the cornstarch business; yes.

Mr. CLARK. I should think so.

Mr. WALDEN. I would rather be in a business twelve months of the year than be in a business two months of the year. I like to be active.

Mr. RANDELL. I should like to ask the witness a question. You stated that this company you belong to had been referred to as a trust. I mentioned the name of your company, but I did not mention it as a trust. Is it a trust?

Mr. WALDEN. Why, I do not like to differ with you, but I think the records will show that you asked Senator Hale the question if this was the concern referred to as the trust.

Mr. RANDELL. No; I think not. At any rate, I want to ask you this question about it: Have you any competitors?

Mr. WALDEN. Have we any competitors?

Mr. RANDELL. Yes.

Mr. WALDEN. Why, we have in this country to-day five starch concerns in the United States outside of ourselves, wholly independent, in active competition with us.

Mr. RANDELL. What do you mean? Are they separate corporations?

Mr. WALDEN. Absolutely separate, unowned, uncontrolled by or in any way connected with us.

Mr. RANDELL. Is stock in any of them owned by the stockholders of this concern you represent?

Mr. WALDEN. Not one penny.

Mr. RANDELL. Not at all?

Mr. WALDEN. Not one penny, directly, indirectly, or in any other way.

Mr. RANDELL. Where are they situated in reference to you?

Mr. WALDEN. We are all mainly in the corn belt, naturally. I will tell you exactly where our factories are situated. We have one at Edgewater, which is across the river from New York City. Then we have one at Oswego, N. Y. That is the Kingsford starch factory. The next one, going west, is at Indianapolis. Then we have one in Chicago. We have two in Waukegan, Ill., which is just north of Chicago. We have one in Pekin, Ill. We have another one in Davenport, Iowa. We have another one in Granite City, which is just across from St. Louis.

Mr. RANDELL. Then you say there is no such thing in this country as a starch trust?

Mr. WALDEN. I should say so, decidedly—decidedly so. We do not enjoy a monopoly of the starch business. I wish we did. I will be frank with you. I would not like anything better than to enjoy it. I do not believe in such things, but I would like to enjoy it.

Mr. CLARK. You do not call your New York factory in the corn belt, do you?

Mr. WALDEN. No—well, the Oswego factory might be so considered. It is an old plant that was built there years ago by the Kingsford company. I do not think that is material, though. I should like to dispose, Mr. Chairman, of this sago matter.

The CHAIRMAN. Just let us see what he says for a moment.

Mr. WALDEN. I should like to dispose of this sago matter. I think it is rather unkind, when I have come down here as an earnest listener, to be fired at in this way when I had no intention of occupying your time. I am very glad to enlighten you, sir, if I can.

Mr. HILL. I should like to ask you a question, if you please. You said you had been shipping abroad for from twenty to twenty-five years?

Mr. WALDEN. No: I said to you that I had been in the business twenty-five years.

Mr. HILL. Yes. How long have you been exporting starch?

Mr. WALDEN. I guess it is a matter of fifteen years or so, at a rough guess.

Mr. HILL. Fifteen years?

Mr. WALDEN. Yes.

Mr. HILL. Have you uniformly and steadily sold abroad at less than you do here?

Mr. WALDEN. Oh, no; many times we have sold higher.

Mr. HILL. When did you begin?

Mr. WALDEN. That is a matter of record that I would have to look up, sir.

Mr. HILL. I wish you would.

Mr. WALDEN. But it is present in my mind that we sold abroad at better prices than we sold in America. Naturally, in the conduct of our business, we are selling our goods where we can sell them at the best prices. That is business.

Mr. HILL. Certainly, sir.

Mr. WALDEN. We have to stay temporarily in this losing market because we have been in it, and it has been a profitable market, and we are staying in it with the hope that it will be better.

Mr. GAINES. May I ask you one question? I can understand, I think, your reasons for desiring to stay in your foreign market, even though temporarily you have to suffer a loss to hold your own there. But if you can manufacture in America and sell at a profit ordinarily in a free-trade market like England, what is the reason that you have to offer for asking the continuance of protection on your product in this country?

Mr. WALDEN. For the same reason that if I could I would go to England and ask them to put it up there. I am competing there against the cooly labor, perhaps, of the world, as far as starch is concerned. There are the tapioca and the sago products that are coming in active competition with me there. I would not sell three-quarters of my product there and one-quarter of it here.

Mr. GAINES. But we are much more interested in the reason why you ought to have it than in your desire to have it. Your desire to have it is much easier to understand.

Mr. WALDEN. Yes; I see your point. I will elaborate all of these things. I have taken a careful note of them. I did not come here, as I say, to speak on this starch question at all. One of my friends here said something that I just jotted down. He said that before this "gigantic trust" was formed the price was $1.25 to $1.50, and that now the price is $2.65. That is obvious. I well remember when I sold goods at $1.25 a hundred pounds; I bought corn then for less than 20 cents a bushel. To-day we are paying 60 cents and over for corn, at this very moment; and our price is $2.65 in the market.

The CHAIRMAN. There is not so much demand, and has not been in the last year, for your products in the United States?

Mr. WALDEN. Unfortunately, there is not.

The CHAIRMAN. You have been selling your product cheaper in order to get rid of the product, to keep your factories going?

Mr. WALDEN. Partially so; partially so.

The CHAIRMAN. And while you have been exporting, as I understand, most of the time you have gotten as good or a better price there than here?

Mr. WALDEN. Yes, sir; we have. May I finish what I am here in Washington for, and that is the sago matter? I would like to say just one word on that subject, and I will submit a brief to you; and then I will not stand here any longer and bother you.

The CHAIRMAN. All right, Mr. Walden; you can go on with your favorite subject.

Mr. WALDEN. I have been trying to get at this sago business——

Mr. BOUTELL. I should like to ask you a question that I do not think has been asked. [Laughter.] I should like to have the solution of what seems to be a mystery, but which is undoubtedly very simple to one who understands the commercial factors involved. You sell starch in New York at $2.65 a hundred now?

Mr. WALDEN. Yes, sir.

Mr. BOUTELL. To whom do you sell that? Who are your purchasers? That is, what class of people—jobbers?

Mr. WALDEN. When I say that we sell starch at $2.65, I simply use the quotation that had been previously made by Mr. Morningstar. That means cornstarch in bags. 280 pound sacks. That is the cheapest form in which it is sold. That is the way in which it is exported, generally.

Mr. BOUTELL. Any figures will do for the purposes of this illustration. If $2.65 is what you state—$2.65 a hundred in New York—what is the class of purchasers?

Mr. WALDEN. For that class of starch it would be the mill buyers.

Mr. BOUTELL. The mill buyers?

Mr. WALDEN. Yes, sir; men that would use it to make sizing or dextrin out of it.

Mr. BOUTELL. Are they jobbers who sell to the mills, or do you sell directly to the mills?

Mr. WALDEN. We sell directly to the mills. Our interest is to sell as near to the consumer as we can.

Mr. BOUTELL. Very well. Then a mill needing starch will pay for it, in New York, $2.65?

Mr. WALDEN. Yes, sir.

Mr. BOUTELL. At the same time that you are selling it for $2.65 to the mill in this country you are selling it abroad for, I understood you to say, $2.25?

Mr. WALDEN. Two dollars and twenty-five cents, I think, is our present price there. I have got to convert it from English money into American money, and the freight is put on.

Mr. BOUTELL. Whatever it is, is that in London with the freight paid?

Mr. WALDEN. No; that is the parity in New York City that I am talking about.

Mr. BOUTELL. That is sold in New York City for how much?

Mr. WALDEN. You asked me what the relative price was (or, rather the chairman did), and I computed it in that way, both prices being in New York. The goods in the foreign market are on the basis of parity with London or Glasgow or Antwerp or other places.

Mr. BOUTELL. We are getting along to what I am trying to arrive at. You sell it to the domestic mill in New York at $2.65. You sell it for export in New York for $2.25?

Mr. WALDEN. Yes, sir.

Mr. BOUTELL. Then when it gets to London it pays 10 cents more a hundred for the freight charge across the ocean?

Mr. WALDEN. Yes.

Mr. BOUTELL. And that lands it in London at $2.35?

Mr. WALDEN. Yes.

Mr. BOUTELL. Now, here is the trouble that I want to get at on this question of selling abroad cheaper than in this country a commodity that is in demand in this country in what might be called commercial quantities: Here is a mill in Mr. Hill's district that wants some starch; and he telephones you, and you say you can give him a starch in New York at $2.65. He cables to London, and finds that the starch is being sold in London at $2.35, and that it will cost him 10 cents to get it back here, which is $2.45, which makes it cheaper by 30 cents for Mr. Hill's manufacturer to order his starch by cable from London than to buy it in New York.

I should like to have solved right here and now the mystery in that matter which is puzzling the press and which during some weeks has puzzled the campaign orators. Of course there must be some solution for it. If there is somebody in England who is paying more than the $2.65 to a jobber over there, that explains it; then his mill can not get it. But where is that extra 30 cents absorbed in England, which would prevent the mill ordering it by cable and getting it back here cheaper than it can get it by using the telephone?

Mr. WALDEN. You have propounded a question there which you say our orators can not answer and our press can not answer, and you want me to answer it. I do not know that I can, but I can say this: That it is common commercial gumption to sell your goods in the best market in which you can sell them. Conditions govern every market that you enter. I may be able to sell my goods in New York to better advantage than I can sell them in Boston. If so, I am entitled to sell them there, am I not?

Mr. BOUTELL. I quite understand that.

Mr. WALDEN. I may be able to sell them to better advantage in Chicago.

Mr. BOUTELL. It is also commercial gumption for a man to buy just as cheaply as he can.

Mr. WALDEN. Certainly it is.

Mr. BOUTELL. Have I not stated the matter correctly up to this point—that when the starch is offered in New York at $2.65, and it is offered in London at $2.35, supposing that there is no way to prevent its getting over there——

Mr. WALDEN. Well, why do you not take it the other way around? You gentlemen are asking me why we do such a thing as that; but why do you not go down to Australia, and see us selling it there and getting a better price than we do in New York City, and so on down? We are meeting a specific and concrete condition that exists in London and in England. We are fighting it. We might stay right in New York and fight it.

Mr. BOUTELL. You misapprehend my question and what I am trying to get at. It is something that everybody seems to elude.

Mr. WALDEN. Why, I think your question answers itself, sir.

Mr. BOUTELL. I do not understand why it is, what the commercial mystery is in starch being sold—not offered, but sold—in New York

at $2.65 a hundred and being sold in London at $2.35 a hundred, when the purchaser here who can get it for $2.35 can bring it over here at a cost of 10 cents, which would be $2.45. That is what I do not understand.

Mr. WALDEN. I am going to answer the question, although I think it answers itself. There is a cent and a half duty on it.

Mr. HILL. Yes; but you just said that you met the competition in Australia, 10,000 miles nearer your coolie competition, at a better price than you get here.

Mr. WALDEN. Yes; I illustrated in Australia and in South America, where to-day we can sell our products to better advantage than we can sell them in New York City.

Mr. HILL. And you do not fear the coolie competition there?

Mr. WALDEN. Why, they are not using the same class of goods that we are putting down there. Starch is used for one purpose and another.

Mr. FORDNEY. Does the duty cut any figure when it is shipped back from England under the conditions inquired about by Mr. Boutell?

Mr. WALDEN. If the duty were taken off of cornstarch to-day, the English manufacturer and the Scotch manufacturer would be landing cornstarch here in New York City just as quickly as you——

Mr. FORDNEY. I do not believe you understand my question. Mr. Boutell has described the situation under which, while it is selling for $2.65 in New York, it can be sold abroad for $2.35 and shipped back again for 10 cents freight, making $2.45. Now, does the duty cut any figure when it comes back?

Mr. CALDERHEAD. It does not pay any duty.

The CHAIRMAN. It could not cut any figure at all, except as to the rebate that he had on the corn. He would have to pay back the rebate that he got on the corn.

Mr. WALDEN. That would not enter into it.

Mr. CLARK. But if he made it out of American corn he would not have to pay it.

The CHAIRMAN. Suppose it was Argentine corn?

Mr. CLARK. That is just accidental corn.

Mr. WALDEN. I do not think it would make any difference. There is no Argentine corn being used, except that particular lot. The American-made product could come back again.

Mr. FORDNEY. Pardon me one question.

Mr. WALDEN. You asked me the question, "If it did come back, what did it do?"

The CHAIRMAN. Gentlemen, we must close with this witness in five minutes.

Mr. FORDNEY. I will close in half a minute; but I want to get a chance to get a question in edgewise. I want to ask you, my friend, does any of your product go to England and then come back to the United States market?

Mr. WALDEN. No, sir; there never has any come back that I know of.

Mr. GAINES. Under the conditions suggested by Mr. Boutell, why would it not come? I can not understand that.

Mr. WALDEN. Well, I hope you gentlemen will not enlighten people as to how to get it back. I could tell you how to get it back.

Mr. BONYNGE. But you can buy it cheaper over there than you can buy it here.

The CHAIRMAN. Is it right to argue this question with the witness?

Mr. WALDEN. That is a question of commercial economics. You will buy in the cheapest market you can buy in, my dear sir, and you will sell in the best market that you can sell in.

Mr. GAINES. But you say they do not do it. They do not go to London to buy it, although they can buy it there cheaper than they can here.

Mr. WALDEN. Well, now, I am very sorry this thing came up in this way. There are in this room very good customers of mine, and if you put a thought of that kind in their heads they will, perhaps, go to London and buy their stuff. [Laughter.]

The CHAIRMAN. I think the five minutes are up.

Mr. WALDEN. Will you let me finish on this sago matter?

The CHAIRMAN. Sago—yes.

Mr. WALDEN. I will not take but one moment.

The CHAIRMAN. We will hear you on sago.

Mr. WALDEN. Thank you.

The sago flour question was covered, Mr. Chairman, very much in the same way that the tapioca flour question was covered by Senator Hale, but with this difference: Sago flour enters into this country at a price near a cent and a half to a cent and three-quarters a pound, and as such it comes in contact with a higher-priced starch made here, which is the cornstarch. Now, this morning people were handing around lemons and such things to hurry this matter up, and I only intended to occupy about five minutes to tell you just why we can not make starch in America to compete with that kind of starch that comes in here free of duty that is made down in the East Indies. The reason is, we pay American labor here $2.50 a day, and they pay cooly labor down there to wash their starch, to chip it from the palm tree, and wash it out and ship it to us here free of duty. That is not a fair proposition, when ten millions of pounds of that starch are brought into this country and every pound of it takes the place of cornstarch made here in America, and means 400,000 bushels of corn taken out of consumption here that would otherwise go into consumption, and which means, as I told you before, 8,000 men's wages for one day. What we ask is a very fair proposition, and I am going to submit a brief on it, and give you the details and answer the other questions of these gentlemen if I am competent to do it.

I am much obliged to you.

Mr. UNDERWOOD. One question on that point: On the sago starch you compete in the English market under free trade with the same propostion?

Mr. WALDEN. Yes.

Mr. UNDERWOOD. That is all I want to ask.

STATEMENT OF EDWARD WEIDENBACH, ESQ., OF NEW YORK CITY, N. Y.

The CHAIRMAN. Give your name and residence.

Mr. WEIDENBACH. Edward Weidenbach; New York City.

Mr. CLARK. What is your business, Mr. Weidenbach?

Mr. WEIDENBACH. The importing of starch dextrin.

I simply wanted to read you gentlemen here (because there seems to be this question of tapioca flour being fit for use as starch) the following: In this Supreme Court decision it is said:

Sizing cotton goods might perhaps be regarded as somewhat of a starch purpose, as starch is sometimes used in that way. The evidence does not show that this use is general, and the expression "fit for use as starch" would not, in our judgment, include that use. We think it would not, in the ordinary acceptation of the term, be called a starch purpose.

These gentlemen had all this evidence before them, and also the decisions of the lower courts.

Glue would accomplish much the same purpose and might be used therefor. The use by calico printers and carpet manufacturers to thicken colors is not the ordinary use of starch, nor is it a starch purpose; nor would its use as an adulterant in the manufacture of candy and other articles be properly described as such a purpose.

Assuming, as counsel for the Government claims, and as is undoubtedly entirely true, that the policy shown in the tariff act is protection to American industries, yet the article here in controversy does not and can not compete with American starch for any of the purposes for which starch is commonly and ordinarily used in this country. The evidence to that effect, we think, is conclusive.

The CHAIRMAN. Do you desire to submit your brief there and have it printed?

Mr. WEIDENBACH. Yes, sir.

Mr. CRUMPACKER. What case were you quoting from?

Mr. WEIDENBACH. I was quoting from the United States Reports, volume 176, October term, 1899.

(The paper submitted by Mr. Weidenbach is as follows:)

CHEW HING LUNG V. WISE, COLLECTOR.

United States Reports, volume 176, October term, 1899.

[Certiorari to the circuit court of appeals for the ninth circuit. No. 36. Argued December 11, 12, 1899. Decided January 22, 1900.]

Tapioca flour is not a preparation fit for use as starch, and under the tariff act of October 1, 1890, chapter 1244, paragraph 720, is entitled to free entry.

The designation of an article, eo nomine, either for duty or as exempt from duty must prevail over words of a general description, which might otherwise include the article specially designated. The statement of the case will be found in the opinion of the court.

Mr. A. B. Brown and Mr. Albert Comstock for Chew Hing Lung. Mr. Charles Page was on their brief. Mr. Assistant Attorney-General Hoyt for Wise and the United States.

Mr. Justice Peckham delivered the opinion of the court.

The question in this case, which comes before us on certiorari, is whether certain merchandise imported into this country is entitled to free entry or is subject to duty. The merchandise is claimed to be tapioca, and the question arises under the tariff act October 1, 1890, chapter 1244, 26 Statutes, 567.

Paragraph 323 (p. 588) of the statute reads as follows:

323. Starch, including all preparations from whatever substance produced, fit for use as starch, 2 cents per pound.

Paragraph 730 (p. 610) of the free list reads as follows:

730. Tapioca cassava or cassady.

The Government claims that the merchandise is a preparation fit for use as starch, and is therefore dutiable at 2 cents per pound under paragraph 323.

The importers contend that the substances imported by them is tapioca, in the form of tapioca flour, which is one of the three forms of tapioca known to commerce, and is therefore entitled to free entry under paragraph 730.

The merchandise was imported in November, 1893, at the port of San Francisco, and the collector of the port imposed a duty of 2 cents per pound upon it. The importers claiming that it was entitled to free entry, appealed to the Board of General Appraisers, and that board decided that the imported article was free of duty, and judgment to that effect was entered. Upon appeal by the collector to the circuit court of the United States in the ninth circuit, northern district of California, that court affirmed the decision of the board (77 Fed. Rep., 734), and the collector then appealed to the circuit court of appeals for the ninth circuit, where the judgment of the circuit court was reversed (48 U. S. App., 517), and the cause remanded with directions to affirm the decision of the collector. Upon application by the importers this court granted a writ of certiorari, it being alleged that there were inconsistent decisions in the circuit courts of appeals on this question.

Upon the trial of the case before the circuit court the parties agreed upon certain facts, and evidence was given in regard to the character of the substance imported and its fitness for use as starch, and the court found that the merchandise, though entered at the customhouse at San Francisco by the importers under various names, such as tapioca, sago, and root flour, is all the same substance, viz. the starch grains contained in and derived from the root botanically known as *Jatropha manihot*. In the West Indies the root is known as cassava or manioc; in Brazil as mandioc; but all these names indicate the same thing, without change of condition or character.

There are two varieties of the root, one of which is very poisonous, and both varieties contain a large proportion of starch. The starchy substance constituting the importations involved in this controversy consists of the starch grains obtained from the manihot root by washing, scraping, and grating, or disintegrating it into pulp, which, in the poisonous variety, is submitted to pressure so as to separate therefrom the deleterious juices. The starch grains settle and the juice is subsequently decanted, leaving as a deposit a powder, which, after repeated washings with cold water and after being dried, is nearly pure starch, and is insoluble in cold water. This is the substance in controversy. If sufficient heat and motion are afterwards applied to this substance a mechanical change takes place, the grains become fractured and thereby agglutinated. The latter substance is partly soluble in cold water, and is the granulated tapioca known as "pearl" and "flake" tapioca of commerce.

The importations in question are from China, and are made chiefly for the purpose of supplying Chinese laundrymen, who use the flour as a starch and to a slight extent for food purposes. Its use for starch purposes in the laundry is, however, limited to the Chinese, except that in some instances in San Francisco it is so used in their business by white laundrymen by mixing it with wheat or corn starch. Wheat and corn and potato starch are the starches commonly used in

the United States. Tapioca flour is also used in the Eastern States by calico printers and carpet manufacturers to thicken colors, and in the manufacture of a substitute for gum arabic and other gums. It is also sometimes used for sizing cotton goods, and in addition as an adulterant in the manufacture of candy and other articles.

Among the white people dealing with the Chinese on the Pacific coast the substance in question is commonly known as "Chinese starch." In the general importing markets of the United States it is commercially known as tapioca flour, and in those markets the term "tapioca" includes that article in three forms, viz. flake tapioca, pearl tapioca, and tapioca flour. The substance in question is not imported into San Francisco by others than Chinese.

The circuit judge also found that the article in question is fit for use as starch in laundry work in the sense that by its use clothes can be starched, but it is not commonly used in such work as starch throughout the United States and is not known to be so used except on the Pacific coast. Judgment was therefore ordered for the importers.

Opinion of the court.

These findings of facts were assumed by the circuit court of appeals, and upon them that court based its judgment, reversing the circuit court and affirming the action of the collector.

Upon these facts we are to determine which paragraph in the tariff act is to govern. The findings of the courts below, that the substance in question is included in the article of commerce known as tapioca, and is tapioca in one of its forms, would entitle it to free entry under paragraph 730, unless some other provision of the act nullifies that language. Paragraph 323 is relied on for that purpose. We think it does not have such effect. That paragraph is general in its nature and provides for a duty upon starch, including in that name all preparations from whatever substance produced fit for use as starch. Any preparation, therefore, which is fit for that use would come within that general designation. What is a preparation "fit for use as starch" is another question, but assuming tapioca flour to be thus fit, it would be subject to duty under that paragraph if there were not another and different provision in the statute relative to that same substance.

When we come to look at the free list in the same statute we find that tapioca is to be admitted free, and the finding of the court is that tapioca flour is one of the three forms of what is commercially known as tapioca, and under that provision the substance involved in this case would be entitled to free admission. Attempting, as is our duty, to give effect to the statute in all its parts, we think the proper construction of these provisions is that under paragraph 323 a duty is laid upon starch, including all preparations, from whatever substance produced, fit for use as starch; and assuming that tapioca flour is, within that general description, fit for such use, yet by virtue of paragraph 730 tapioca is placed on the free list, and the substance tapioca flour being tapioca in one of its forms, is excepted from the general language of paragraph 323 and is entitled to free entry.

It is so excepted, because, although assuming it to be fit for use as starch, it is nevertheless tapioca, and tapioca is, in so many words, put on the free list. Effect is thus given to the general language of

the paragraph concerning starch and all preparations fit for use as such, excepting therefrom the one article specially named in paragraph 730, to which effect is given by allowing the exception.

This construction, in strict accordance with the rule that the designation of an article, eo nomine, either for duty or as exempt from duty, must prevail over words of a general description which might otherwise include the article specially designated. Homer *v.* The Collector, 1 Wall., 486; Reiche *v.* Smythe, 13 Wall., 162; Movius *v.* Arthur, 95 U. S., 144; Arthur *v.* Lahey, 96 U. S., 112; Arthur *v.* Rheims, 96 U. S., 143; Chung Yune *v.* Kelly, 14 Fed. Rep., 639, 643. The last case involves this particular substance.

It is urged, however, that the provision relating to the free list is that the articles named therein shall be exempt from duty "unless otherwise specially provided for in this act" (p. 602—free list), and that tapioca flour is otherwise specially provided for in the act by paragraph 323. We can not concur in this view. Tapioca flour is not otherwise specially provided for in paragraph 323. It is not mentioned specially, nor is it named at all in that paragraph, which uses only general language relating to starch and all preparations from whatever substance produced, fit for use as starch. If tapioca flour be such a preparation, it would be included in that general description if not otherwise exempted. But there is no special provision for tapioca flour making that substance in terms dutiable under that paragraph, while in the free list there is a special designation of tapioca, and tapioca flour is tapioca, just as much as either of its other forms—"flake" or "pearl"—is tapioca.

It would seem that the language at the beginning of the provision for the free list, that the following articles shall be exempt from duty, "unless otherwise specially provided for in this act," strengthened the argument that tapioca flour be in fact tapioca in one of its well-known forms, was exempt from duty, because in order not to be exempt the article must be otherwise specially made dutiable. It is not so made dutiable, and is therefore by the clear provision of the act free of duty. Being in truth tapioca and commercially known as such, it does not come under the description of starch, although in great part composed of that substance. The commercial designation of an article is the first and most important thing to be ascertained, and governs in the construction of the tariff law when that article is mentioned unless there is something else in the law which restrains the operation of this rule. Arthur *v.* Morrison, 96 U. S., 108; Arthur *v.* Lahey, 96 U. S., 112; Arthur *v.* Rheims, Id. 143; Robertson *v.* Salomon, 130 U. S., 412; Bogle *v.* Magone, 152 U. S., 623.

The case is not within the principle decided in Magone *v.* Heller, 150 U. S., 70. There the contest was between a clause of the tariff act of 1883, providing for a duty upon sulphate of potash, eo nomine, and a clause exempting from duty "all substances expressly used for manure." It was held that a kind of sulphate of potash, the only common use of which, either by itself or in combination with other materials, was for manure or in the manufacture thereof, was entitled to free entry, and was not subjected to duty as sulphate of potash. Whether the imported article was at the time of importation "expressly used for manure" in the sense defined in the opinion was held to be a question of fact, and that the court below erred in denying the collector's request to submit the case to the jury, and in directing a

verdict for the importer. The term "expressly used for manure," it was said, was equivalent to "used expressly" or "particularly" or "especially" for manure, and if it were found as a fact that the article was so used, it was exempt from duty.

If the statute in this case had said that starch was dutiable, including all preparations from whatever substance produced expressly intended and fit for use as starch, then tapioca flour, if fit and intended for such use, might be dutiable under the paragraph in question and not be exempt as a form of tapioca. But when the language is "fit for use as starch," it is so much more general that it is properly qualified by the subsequent paragraph, which exempts tapioca, and consequently tapioca flour, one of its commercially known forms.

Thus far we have proceeded upon the assumption that tapioca flour was a preparation fit for use as starch, and therefore dutiable under paragraph 323, unless excepted therefrom by paragraph 730; but we are of opinion that tapioca flour is not a preparation fit for such use within the meaning of the statute. The substance in question is not commercially known as starch, nor as any preparation fit for use as such. In the markets of the United States it is commercially known as tapioca flour, while the term "tapioca" includes precisely the same substance. Its use as starch for laundry purposes is limited to the Chinese on the Pacific coast.

It is not imported into San Francisco by any other than Chinese, nor is it manufactured in this country into the article commonly known as starch, nor is it to any extent used as a substitute therefor, although it is chemically a starch, because a large part of it consists of a starch substance.

Upon the finding and the proofs in this case we are of opinion that this article does not come within paragraph 323. We think the language of that paragraph means any preparation which is so far fit for use as starch as to be commonly used or known as such or as a substitute therefor. This substance does not come within that language as thus construed. The use of the article by the Chinese on the Pacific coast for laundry purposes is so infinitesimally small that it wholly fails to show that it is fit for that use within the meaning of the statute. The evidence in this case is that the attempt to use it for laundry purposes by white laundrymen in California gave such poor results that it was abandoned as a failure.

There is one finding by the circuit judge in this case in which it is said that the substance is used in the Eastern States for starch purposes by calico printers and carpet manufacturers to thicken colors; also for bookbinding and in the manufacture of paper; also for filling in painting, and in the manufacture of a substitute for gum arabic and other gums, sometimes for sizing cotton goods, and also as an adulterant in the manufacture of candy in some cases, and in other articles. The expression in that finding, that the substance is used in the Eastern States for starch purposes is an inadvertence, because the finding, although it rests upon the evidence as well as upon the agreed statement of facts, stipulated between the parties, yet there is nothing in the evidence or in the stipulation to show that the enumerated purposes were starch purposes. In the stipulation it is said that the substance in controversy is used in the Eastern States by calico printers, etc. The expression "for starch purposes" does not appear in the agreed statement of facts, and in nam-

ing the uses for which the substances are used it would appear that most of them are not what would be ordinarily understood as a starch purpose.

Sizing cotton goods might perhaps be regarded as somewhat of a starch purpose, as starch is sometimes used in that way. The evidence does not show that this use is general, and the expression fit for use as starch would not, in our judgment, include that use. We think it would not, in the ordinary acceptation of the term, be called a starch purpose. Glue would accomplish much the same purpose and might be used therefor. The use by calico printers and carpet manufacturers to thicken colors is not the ordinary use of starch, nor is it a starch purpose. Nor would its use as an adulterant in the manufacture of candy and other articles be properly described as such a purpose.

Assuming, as counsel for the Government claims, and as is undoubtedly entirely true, that the policy shown in the tariff act is protection to American industries, yet the article here in controversy does not and can not compete with American starch for any of the purposes for which starch is commonly and ordinarily used in this country. The evidence to that effect, we think, is conclusive.

In Chung Yune *v.* Kelly (14 Fed. Rep., 639) the circuit court for the district of Oregon submitted to the jury whether "the article in question," 9, which was in fact tapioca flour, though imported as sago flour, "imported and entered by the defendant, is a starch known to commerce as such and made and intended to be used primarily by laundrymen in the stiffening and polishing of clothes." The jury returned a negative answer, and the court said, "This answer is undoubtedly according to the law and the fact." The substance was held to be exempt from duty under the tariff act, Revised Statutes, page 488, as root flour, but the plaintiff was not allowed to recover back the duty which he had paid, because having claimed in his protest that the article was sago flour, the court felt compelled to confine him to his specific ground of protest, and consequently the Government kept his money, although the importer had, in fact, imported an article entitled to free entry under the law.

The case of Townsend *v.* United States (14 U. S. App., 413) holds that paragraph 323 of the tariff act of 1890 includes only those preparations which are actually and not theoretically fit for use as starch, and which can be practically used as such, and not those which can be made, by manufacture, fit for such use. Counsel for the Government criticises that case as not decided upon the same amount of evidence that has been given in this case upon the question whether the article is or is not fit for use as starch. But in the opinion delivered in the case it is seen that, while not precisely identical, the facts are substantially the same as in the case at bar. The court says the article is used mostly by calico printers and carpet manufacturers to thicken colors and in the manufacture of a substance for gum arabic or other gums; also for the sizing of cotton goods, a purpose for which starch is also used to a certain extent, but the weight of the testimony was, in the opinion of the court, that it was not used for laundry purposes. We think the same facts appear in the case before us, the use for laundry purposes by a few Chinese on the Pacific coast not being sufficient in extent to enable us to say that it is so used in any but the most minute quantities. It seems to us clear from the

finding and from the evidence that the substance is not commercially known by the people in this country as starch nor as adapted to the ordinary purposes of that article, and it has not been manufactured into commercial starch and is not known and is not fit for use as such.

The Treasury Department has heretofore announced decisions which are entitled to much weight upon the question herein presented. Prior to the tariff act of July 14, 1870 (c. 255, 16 Stat., 256, 268), both starch and tapioca had been made dutiable, sometimes at the same and sometimes at different rates of duty. By the latter act "tapioca, cassava, or cassady" were placed in the free list, while "root flour" was placed in the free list in 1872. (17 Stat., 236.) The Treasury Department held tapioca flour entitled to free entry as tapioca. The Secretary said, "It appears upon investigation that tapioca is prepared in three forms, namely, flake, pearl, and flour, and that these terms do not indicate any substantial difference in the character or quality of the article, but merely indicate its form or appearance." (Decisions, Treasury Department, 1887–1890, No. 3161, March 23, 1877.)

Under the act of 1883 (22 Stat., 488, 521) tapioca was continued in the free list, as was also root flour (p. 520), while starch was made dutiable as potato or corn starch at a certain rate, "other starch two and one-half cents per pound" (p. 503). The Treasury Department held, July 7, 1883, that tapioca flour was to be admitted free of duty, without regard to the use for which it was ultimately intended, and that the provision in that act for a duty upon "other starch" than potato or corn starch did not cover tapioca flour. (Decisions, Treasury Department, No. 5802.)

Subsequently to the time various importations had been made of this article, upon which duties had been assessed at the rate of 2½ cents per pound, as starch, although imported under various names as "sago, sago crude, sago flour, tapioca," etc.

Exemption had been claimed for these articles as coming under the provisions of the free list as "root flour," sago crude, and "sago flour," and "tapioca, cassava, or cassady." The article had been classified by the collector under the tariff act as "other starch," for the reason that it was, as claimed, imported and was actually used as starch by the Chinese laundries throughout the States and Territories. The department, under date of January 11, 1887, again held that "flour made from tapioca, cassava, or cassady root may be admitted free of duties, without regard to the use for which it is ultimately intended." Samples of the flour had been submitted to the United States chemist, who reported that it was "chemically a starch, obtained from the root of *Janipha manihut* or *Jatropha manihot*," yet it was considered in its commercial character to be tapioca; it was so returned by the appraiser, and it was directed that the merchandise should be admitted free of duty. (Decisions, Treasury Department, 1887–1890, No. 7971, January 11, 1887.)

On September 21, 1888, certain so-called "flour" was imported which the importers claimed to be free of duty, and upon which the collector assessed a duty of 2½ cents per pound under the provisions of the act already mentioned, providing for such a duty on "other starch," etc. Samples of the merchandise in question were submitted to the United States chemist at the port of New York, who found the article to be tapioca starch, and under the department's decisions

of July 7, 1883, and January 11, 1887, it was held that flour made from tapioca, although chemically a starch, was to be admitted free of duty under the provisions for tapioca, without regard to the use for which it was ultimately intended. The appeal was allowed, and the collector directed to reliquidate the entry and to take measures for refunding the duties exacted. (Treasury Department Decisions, supra, No. 9031.)

These decisions were principally based upon the provisions of the acts which related to tapioca (one decision being exclusively upon the tapioca provision), and although in some cases in which the question as to tapioca arose the act provided for the free entry of root flour, the decisions that tapioca flour was entitled to free entry were substantially founded upon the tapioca provision in the act, and not upon the root-flour item.

Subsequently, when Congress by the act of 1890 omitted root flour from the free list and imposed a duty upon starch and all preparations, from whatever substance produced, fit for use as starch, we do not think that any argument can be drawn therefrom in favor of the construction which would impose a duty on tapioca flour as a preparation fit for use as starch, while at the same time there is a clause in the act providing for free entry of tapioca the substance, tapioca flour being one of its forms. Many other flours might come under the denomination of root flour which were not specially declared in the act to be free from duty, and the dropping of the root flour from the free list might relegate such flour to the dutiable list. Not so as to tapioca flour, which is still found in the free list. The omission of root flour from the free list, therefore, had no effect upon tapioca flour, and if there had been an intention to include it in the dutiable list, especially after these repeated decisions of the Treasury that it was entitled to free admission as tapioca, we can not but believe that Congress would have expressed that intention with reasonable clearness.

The judgment of the circuit court of appeals of the ninth circuit should be reversed and that of the circuit court for the northern district of California affirmed, and the case remanded to that court with such directions, and it is so ordered.

STATEMENT OF E. E. GRIDLEY, ESQ., OF ORANGE, MASS.

Mr. GRIDLEY. Mr. Chairman and members of the committee: My name is E. E. Gridley. I am with the Minute Tapioca Company, of Orange, Mass., manufacturers of a prepared tapioca ready for table use. I should like to speak just a moment on the question that the gentleman here at the left brought up early in the discussion on starch relative to whether the duty should be imposed on all forms of tapioca or on tapioca flour alone.

In the manufacture of our product we use only the flake form of tapioca—a form which in no way competes with the flour either of the tapioca or the sago—and we merely want to call your attention to that one distinction between that form of tapioca and the tapioca flour which has been termed, in a general way, "tapioca" in part of the discussions here this afternoon.

The argument might be raised that the form of tapioca in which we get it is such that it might be converted into the flour, and thus indirectly be a competitor of the starch manufactured in this country. But the price of the form in which it is used by us in the manufacture of our product is such that it can not be ground to any advantage to produce the flour, for the reason that the flake form costs more and always comes at a higher price than the flour tapioca, and of course to this original cost would have to be added the cost of grinding. And in view of the fact that we are using that form here and have been using it now for a large number of years, manufacturing from it a food product which we advertise and lay great stress on on account of its cheapness and its adaptability to the medium classes or the poorer classes of people, we respectfully ask you to bear in mind the fact that this is not a competitor of the American-made starch. There is no starch of this form made in our country, and, in fact, so far as we have been able to learn, it can not be made. So there is no American industry which would be protected by imposing a duty on the flake form or the pearl form of tapioca.

If we can do so, we should like to submit later on a brief for your consideration on this subject.

The CHAIRMAN. We will now hear Mr. William R. Russell, of 96 Wall street, New York.

STATEMENT OF W. R. RUSSELL, ESQ., OF NEW YORK.

Mr. RUSSELL. Mr. Chairman and gentlemen, what I had intended to say has been practically said by Mr. Walden, so I will have nothing to say on that, but I would like to point out to the committee the fact that tapioca comes in three forms—flake tapioca, pearl tapioca, and sago flour. The flake and pearl are used for food purposes, and we claim that should come in free. As to sago flour, as compared with starch, one of the gentlemen was trying to find out a little while ago how much the consumption of starch was in this country, with more or less success. The exports of sago flour from Singapore to the United States for this year, up to the 1st of October, aggregate 9,802,700 pounds. I have here a statement giving the exports yearly, going back to 1902, for the use of the committee. That, we claim, can not come very much into competition with potato starch and cornstarch.

Mr. HILL. How much starch is used for all purposes in the United States in a year.

Mr. RUSSELL. About 100,000,000 tons of all kinds.

Mr. HILL. Where does the export reported by the United States Government come from, in view of the statement made by Mr. Walden?

Mr. RUSSELL. I do not know.

Mr. CLARK. Do you say that the total starch used in the United States is 100,000,000 tons?

Mr. RUSSELL. Yes; of all kinds.

Mr. CLARK. That is more than a ton to the inhabitant.

Mr. RANDELL. You did not say that was the amount exported, did you?

Mr. RUSSELL. No; that is of all kinds, in round numbers.

Mr. HILL. How much of that is exported, about?

Mr. RUSSELL. I do not know.

Mr. CLARK. He said 100,000,000 tons.

Mr. HILL. He meant pounds, I suppose.

Mr. RUSSELL. No.

Mr. CLARK. That is more than a ton and a quarter to the inhabitant.

Mr. RUSSELL. It is, of all kinds.

Mr. CLARK. I do not care what it is.

Mr. RUSSELL. This is a big country, you know, Mr. Clark.

(The statement of exports referred to by Mr. Russell is as follows:)

Exports from Singapore to the United States.

SAGO FLOUR.

	Piculs.	Pounds.
For the year 1907	88,088	11,744,900
1906	75,141	10,018,800
1905	47,373	6,316,400
1904	51,189	6,825,200
1903	61,523	8,203,100
1902	34,708	4,627,700
Up to October 1, 1908	73,520	9,802,700
1907	74,609	9,957,800

Exports from Singapore to the United States.

FLAKE TAPIOCA.

	Piculs.	Pounds.
For the year 1907	22,048	2,939,700
1906	12,562	1,674,900
1905	11,781	1,570,800
1904	18,391	2,452,100
1903	22,584	3,004,500
1902	23,162	3,088,300
Up to October 1, 1908	7,753	1,033,700
1907	19,783	2,637,700

Exports from Singapore to the United States.

PEARL TAPIOCA.

	Piculs.	Pounds.
For the year 1907	51,872	6,916,300
1906	67,428	8,990,400
1905	82,635	11,078,000
1904	86,376	11,516,800
1903	105,788	14,105,100
1902	141,779	18,901,600
Up to October 1, 1908	35,078	4,637,700
1907	38,175	5,090,000

STATEMENT OF H. S. GRIGGS, ESQ., OF NEW YORK, N. Y.

Mr. GRIGGS. Mr. Chairman, I represent the American Canned Products Company, of New York. It is useless for me to take your valuable time in reiterating what Mr. Walden has said. I want to go on record as an independent producer of starch, representing one

of the independent institutions, as saying that we desire a reasonable tariff placed upon this sago flour. It is not essential for me to go over the ground that has been so thoroughly exploited. If there is any question in relation to the production of this commodity, the export business or the domestic prices, that I am able to inform you about, or give you information upon, I will be very glad to give you that information.

Mr. FORDNEY. How much duty do you think ought to be put on sago flour?

Mr. GRIGGS. I think it ought to be covered by from three-quarters of a cent to 1 cent a pound.

Mr. CLARK. Is there any trouble in telling the difference between the different kinds of tapioca? Is it difficult for the revenue officers to distinguish between the kind that competes with starch and the kind that it is intended to eat?

Mr. GRIGGS. They can tell readily. They would never mistake sago flour for tapioca for edible purposes.

Mr. CLARK. And you do not care anything about whether there is a tariff on what they eat or not?

Mr. GRIGGS. No; I have no interest in that, sir.

Mr. CRUMPACKER. You are not asking for a tariff on tapioca?

Mr. GRIGGS. No, sir; sago flour is the only article in the way of starch that we come in competition with.

Mr. CRUMPACKER. That is what the poor man makes his pudding with?

Mr. GRIGGS. No, sir; the poor man makes his pudding out of tapioca—rice. I think it is fair to assume that we do not use to exceed 2 or 3 pounds of tapioca per capita in this country in that way.

Mr. HILL. Do you export any starch?

Mr. GRIGGS. No, sir; we have no stomach for the export trade in 1908.

Mr. HILL. Have you ever exported any?

Mr. GRIGGS. No, sir; we hope to. When we are able to export our goods and get the cost of the product back, we will do so. We have been unable to get into the English market without very serious loss confronting us this last year.

Mr. CLARK. That grows out of the extraordinary price of corn, I understand.

Mr. GRIGGS. With Argentine corn going into the mills of England at 10 and 15 cents a bushel under the price of domestic corn, we can not get into that market.

Mr. CLARK. The extraordinary price of corn grows out of the shortage of the corn crop, notwithstanding what the Agricultural Department says about the corn crop.

Mr. GRIGGS. The shortage of the corn crop over 1906?

Mr. CLARK. Yes; or any one of the last six or eight years.

Mr. GRIGGS. It was practically 100,000,000 bushels.

Mr. CLARK. Anybody who has been over the corn belt knows that it has been a great deal more than that.

Mr. GRIGGS. The government statistics are the only ones that we can accept as reliable and base our statements on.

Mr. CLARK. I understand that; but everybody who lives in the corn belt knows that the statistics are not correct.

Mr. CRUMPACKER. If we export enough sago flour, that will make the corn cheap, will it not?

Mr. GRIGGS. If we export enough sago flour, it will be reflected in the amount of corn we buy. We will buy less corn.

Mr. CRUMPACKER. The tendency will be to make corn cheap, will it not?

Mr. GRIGGS. Yes; in this way: Taking as a proposition our maximum grind of 15,000 bushels a day that we put in starch, if sago comes into the market we are unable to sell at a profit and meet the price of the sago flour, and we grind that much less domestic corn: and instead of buying 15,000 bushels a day to grind, we will buy 11,000 to 12,000 bushels a day and grind possibly 10,000.

Mr. CRUMPACKER. There is not enough coming into the market now to appreciably affect the price of corn, is there?

Mr. GRIGGS. Not as yet. During previous months we have been paying 82 and 83 cents for corn. That represents a cost to us for cornstarch at our factory very greatly in excess of the cost of sago flour, which is approximately $1.75 to $1.85.

Mr. CRUMPACKER. You are interested in cheap corn, of course?

Mr. GRIGGS. No, sir; I am not. I like to see high-priced corn.

Mr. CRUMPACKER. You can not export your product at 45 cents?

Mr. GRIGGS. I would rather sell it at home. The higher the price the farmer gets for his corn the more glucose he will use, and the more candy he will buy, and the more money he will have to devote to the purchase of my commodity. I would rather pay 80 cents a bushel for corn than to buy it for 40 cents a bushel.

The CHAIRMAN. Is there any other gentleman who desires to be heard on the question of starch tapioca or sago? If not, we will close on that, and I want to file a statement to go into the record with regard to the production of starch in the United States—the export, etc. The export is 51,000,000 pounds and the total production a little over 400,000,000 pounds, according to the census of 1905. They give it in dollars. It is not given in pounds, but it can easily be calculated.

(The statement referred to is as follows:)

The starch industry of the United States.

In 1905 there were 131 establishments in the United States engaged in the manufacture of starch, with an invested capital of $7,007,695. The number of wage-earners and salaried employees was 2,051, who were paid $1,132,874. The value of the output was $8,082,904, a decrease of $1,150,080 from the output of 1900, although there was an increase in the number of establishments, which numbered 80 in 1890 and 124 in 1900, the number in 1905 (131) being given above. In 1905 there were 11 idle establishments, with an invested capital of $589,400.

The 131 establishments in active operation in 1905 were distributed as follows: Indiana 4, Iowa 3, Maine 65, Michigan 4, Minnesota 12, New York 15, Wisconsin 12, all other States 16, these last being located in California, Connecticut, Florida, Massachusetts, Missouri, Nebraska, Ohio, Pennsylvania, and Texas. Michigan, with its 4 factories, had the largest invested capital of any one State ($1,282,-126), while Indiana ranked second with an investment of $1,186,868,

and New York third with $1,122,315. The capital invested in the 16 "all other State" factories was $1,519,742.

Of the 131 establishments, 51 were operated by individual owners, 27 by firms, 48 by incorporated companies, and 5 miscellaneous, concerning which statistics are not available.

There were 35 establishments whose output was valued at less than $5,000, 66 with an output of less than $20,000, 19 with a product under $100,000, 12 with an output valued at less than $1,000,000, and 1 with a product valued at $1,000,000 and over.

The kinds of starch manufactured, according to material used, are: Corn, potato, root, and wheat starch, the subsidiary products being bluing, cattle food, corn oil, gluten food (cattle food), paste, and size. Starch is also produced as a subsidiary product in the manufacture of baking and yeast powders, flavoring extracts, food preparations, and glucose, the production in connection with the last-named industry being very large.

The total importations of starch for the fiscal year ending with June 30, 1907, amounted to 6,423,831.66 pounds, valued at $156,853. Of this 4,826,167 pounds was potato starch, valued at $104,641.

Production of starch according to value of output, 1907.

Producing less than $5,000	$98, 984
Producing less than $20,000	669, 260
Producing less than $100,000	902, 237
	1, 670, 481
Total output, all factories	8, 082, 904
Output of factories producing less than $100,000	1, 670, 481
Product of factories producing more than $100,000	6, 412, 423

The CHAIRMAN. We will now return to the subject of citrus fruits. We will hear first Mr. George B. McClellan, of Honolulu, representing the Merchants' Association of Honolulu.

STATEMENT OF GEORGE B. M'CLELLAN, ESQ., OF HONOLULU, HAWAII.

Mr. McCLELLAN. Mr. Chairman, the interest of Hawaii in this particular matter is in connection with pineapples, a subject which has in part been presented to you by the Florida growers. The interest of Hawaii in pineapples is somewhat more than the mere question of dollars and cents of commerce involved in that commodity. Those of you who have any personal knowledge of affairs in Hawaii know that one of the great handicaps of our country has been that we have been a one-industry country. That condition we have sought to change as rapidly as possible. The difficulty in effecting a change is that we can only compete in the market of the United States with some sort of staple commodity which is a condensed product and which will stand the high cost of transportation and the high cost of labor. We have partly solved that question by the introduction of the pineapple industry. For the past ten years we have been working on this proposition and developing the pineapple industry. The result has been that our output has increased from some 8,000 or less than 8,000 cases some ten years ago until last year we packed 419,000

cases of pineapples. That is the industry which we are seeking to have continued.

Now, we ask two specific things in connection with this industry, the substance of which is the maintenance of the pineapple industry on the substantial basis agreed upon in the Dingley tariff, as we understand it was intended.

If you will refer to paragraph 263, you will find that that puts a duty of 35 per cent, and 1 cent a pound on fruits preserved in sugar, and so on. It also, in paragraph 268, makes a specific rate on pineapples in barrels and packages of 7 cents per cubic foot, and in bulk of $7 per thousand.

Referring first to the question of fresh pineapples, we ask specifically, in connection with the Florida growers, that the separate rate of 7 cents per cubic foot be eliminated. We ask that the rate on fresh pineapples shall be only by the thousand. The reason for that is that this is assumed to have been put in as an equivalent. As a matter of fact, they are imported in crates which contain approximately 2½ cubic feet, but they are entered in the custom-house as containing 2 cubic feet. So instead of paying the rate on an average of 30 pineapples—the rate which would be given under the other rate stated here—they pay only 14 cents on the basis of 2 cubic feet. In other words, they save practically 50 per cent of that tariff through entering their product on a cubic-foot basis instead of by count.

We ask specifically that that provision, by the cubic foot, be eliminated, and that the rate be fixed only by the thousand.

Now, as to what that rate should be, the Florida growers have suggested that it should be approximately the same as that on oranges. We would say that that rate should be for a minimum, at least, from $10 to $15 per thousand.

Now, what are the reasons for that? The reasons for that are, as already stated here, that the cost of production is so tremendously less in Cuba and the West Indies, that it is impossible for the American growers to compete with them. The result is that pineapples are dumped into the market in New York and are bought up for a very small price by the people there, and packed as a cheap product which competes with the Florida and the Hawaiian product. We feel that the rate should be advanced to a minimum of from $10 to $15 a thousand. The Florida growers maintain that it should be put much higher than that.

Now, I want to refer next to the last clause of paragraph 263 of the Dingley Act. Those of you who were present when the Dingley law was compiled will recall that when the Dingley law was framed in the House it put all prepared fruits under one classification, at the valuation of 35 per cent ad valorem, and 1 cent a pound. When the bill went to the Senate a separate provision was made for pineapples in their own juice, at a rate of 25 per cent ad valorem.

I have been recently engaged in the testing of this interpretation of this law. Under the Dingley Act, at first, this law was interpreted and construed to give this lower rate of duty only to such pineapples as contained no added sugar, and that decision was maintained in a series of Treasury decisions, which you will find of record, as the Attorney-General's decisions, 12725, 13767, 23207, 24781, 24494, and 25577.

Since those decisions were entered upon and agreed upon by the Treasury Department, a test case has been brought in the courts, and the courts have held to such an effect that practically all of the imported pineapples, no matter how much sugar they contain—in the last test case, they having contained 33¼ per cent of sugar—are brought in under the lower rate of duty.

I had the honor to be appointed by Attorney-General Bonaparte——

The CHAIRMAN. I hope that you will make this as brief as you possibly can. We have all these separate decisions entered in a book for the use of the committee.

Mr. McCLELLAN. I will make it as brief as possible. I am simply seeking to make clear what is asked in this connection.

The CHAIRMAN. Make it as brief as you can.

Mr. McCLELLAN. I appeared as special counsel for the Government in this test case in New York last week. The question involved is whether pineapples containing 33¼ per cent of sugar can still be entered as pineapples in their own juice. The Government, I understand, asks that in the construction of this law you should either eliminate the special provision made for pineapples at a lower rate than the other fruit or add in lieu of the last part of paragraph 263 the words "pineapples in their own juice, without sugar or spirits added thereto."

That, gentlemen, is the substance of the contention of the Hawaiian pineapple growers—that the maximum rate should remain as it is at present and that you correct the last clause of paragraph 263, or eliminate it, so that pineapples will enjoy the same protection that other fruits enjoy; and so far as fresh fruits are concerned that you should eliminate the cubic-foot rate on pineapples, and that the rate by the thousand should be from $10 to $15 per thousand, as a minimum.

Mr. CLARK. Have you, or any of the pineapple raisers, ever protested to the Treasury Department against this construction of that cubic-foot rule?

Mr. McCLELLAN. That is specifically the thing which we did, and the courts, contrary to anything we can see, and contrary to the Government's contention all the way through, have construed against the Government. We protested in that case for the purpose of trying to get the matter corrected. Now we ask (the courts having construed that law obviously contrary to the intention of Congress) that Congress should amend the wording of that last clause of paragraph 263 in such specific form that there can be no possible misconstruction of it. As a matter of fact, it should be eliminated.

Mr. LONGWORTH. What proportion of the pineapples, in the Hawaiian pineapple industry, is canned?

Mr. McCLELLAN. A very large proportion.

Mr. LONGWORTH. Almost entirely?

Mr. McCLELLAN. Almost entirely. This year some 10,000 crates of fresh fruit were sent to this country, but a very large proportion is canned.

Mr. LONGWORTH. And the fruit is canned directly at the plantation?

Mr. McCLELLAN. It is canned directly there; but this is the point we want to make clear to the committee: That the rate on pineap-

ples, which is almost the lowest rate on any fresh fruit imported, is such that fresh fruit can be dumped in from Cuba and canned in this country. Although we have been able to compete to some extent, it would present possibilities for the future that we do not like to contemplate. The fresh-fruit industry in Cuba is practically unlimited. The land there is cheaper, they have very good facilities for shippers, and the labor is cheaper than ours.

Mr. LONGWORTH. What do you pay labor on your plantations?

Mr. McCLELLAN. It averages $1 a day for the men and 75 cents a day for the women who are employed in canning. All of the field work is done by men at about $1 a day.

Mr. CLARK. The men are nearly all coolies, are they not?

Mr. McCLELLAN. No, sir; we employ white labor as far as possible.

Mr. CLARK. Are there not 60,000 Japs there?

Mr. McCLELLAN. There are a good many.

Mr. CLARK. And 40,000 Chinese?

Mr. McCLELLAN. Oh, no.

Mr. LONGWORTH. Are not nearly all of the pineapple plantations on the island of Kauai?

Mr. McCLELLAN. Oh, they are on all the larger islands—Hawaii, Oahu, Maui, and Kauai. I want to make this clear to you, and I think this may interest Mr. Clark. The pineapple industry is a thing that enables a man to go out and take a piece of homestead land, government land, and raise a product himself. That is why we feel a particular interest in it.

Mr. CLARK. Are not nine-tenths of all the laborers in the Hawaiian Islands either Japanese or Chinese laborers?

Mr. McCLELLAN. In the higher branches of labor?

Mr. CLARK. In all sorts.

Mr. McCLELLAN. A very large proportion of the labor is of that kind. We attempted last year to get more European laborers, but Congress could not see its way clear to allow us that privilege.

We have two Hawaiian packers here, and I would like to have Mr. Dole and Mr. Eames address you on the difference in the cost of production.

STATEMENT OF J. D. DOLE, ESQ., OF HONOLULU, HAWAII.

Mr. DOLE. Mr. Chairman, I represent the Hawaiian Pineapple Growers' Association. I went to Honolulu in 1899 and took up a piece of government land. I went into the business of growing pineapples. The next step after starting a pineapple plantation there is to have a cannery, because it is impossible to ship all of the pineapples fresh. I interested American capital to go in with me and we have built up and gradually increased the business. At that time there was one pineapple cannery there, and there are now nine, with an output, as Mr. McClellan has said, of 400,000 cases.

The principal point that I want to make is that the duty which was intended to be imposed by the last law—that is, 1 cent a pound plus 35 per cent ad valorem on pineapples containing added sugar—should be made clear in this new law, instead of being uncertain, as was the case in the last law, because when I went there and started in this business the Treasury Department was ruling that pineapples from foreign countries containing added sugar should be assessed

at the higher duty, whereas recently importers have taken the case up, and they have been letting in pineapples with added sugar as pineapples preserved in their own juice. The lower duty is not sufficient protection to equalize the difference in cost which we have, owing to our higher priced sugar, higher priced tin, and higher priced labor. Taking a 2-pound Singapore can, and a 2-pound can of Hawaiian pineapples, there is a difference in the cost per dozen of about 55 cents, and that is produced for about 58 cents less in Singapore than in Honolulu. That is accounted for largely because of their cheaper tin and cheaper sugar and cheaper labor. I figure that we pay 9½ cents per dozen higher for our cans, 5¼ cents higher for our sugar, 6 cents higher for the labor in our factory, 14 cents higher for labor on our plantation, and 4 cents higher on rent and sundries, making a difference of 38 cents. If the lower duty of 25 per cent ad valorem is imposed on the Singapore pineapple, it will only be a duty of 14 cents a dozen, to make up for a difference in the cost of 38 cents a dozen, whereas if you impose a duty of 1 cent a pound plus 35 per cent ad valorem you will have a duty somewhere near the difference in cost of production—within a few cents as much.

We do not want any advantage. In fact, the Singapore pineapple can be laid down in New York considerably cheaper than ours. We do not object to that, but the way it is now they can lay it down for almost half what ours costs, and the people get to eating it. It is inferior to ours, but it is hard to teach them that here is another pineapple that is better.

STATEMENT OF A. W. EAMES, ESQ., OF HONOLULU, HAWAII.

Mr. EAMES. I am engaged in growing and canning pineapples in the Hawaiian Islands. All that I wish to do is to emphasize what Mr. Dole has said in regard to the increased cost of our canned pineapple over the cost of the Singapore pineapple. The present duty is not sufficient to make up the difference in cost by from 20 to 30 cents a dozen, by reason of our increased cost of labor, sugar, and tin.

Mr. HILL. Where do you get your cans?

Mr. EAMES. Our cans are made at Honolulu by the American Can Company.

Mr. HILL. Are they made from American tin?

Mr. EAMES. Yes, sir.

Mr. HILL. Have you ever tried foreign tin?

Mr. EAMES. No; we have not. Foreign tin would be a little higher.

Mr. HILL. The American tin is stronger and tougher, is it not?

Mr. EAMES. It is supposed to be a little better tin; yes, sir.

Mr. HILL. Do you think a can would cost any more if made from American tin than if made from foreign tin?

Mr. EAMES. No; it does not cost as much—that is, to pay the duty on the tin.

Mr. HILL. Then you do not have to meet that competition in Singapore, of cheaper cans?

Mr. EAMES. The tin can does not pay a duty coming into the United States. The can is made in Singapore, out of English tin.

Mr. CLARK. You do not mean to say that there is no tariff on foreign tin, do you?

Mr. EAMES. No; I do not say that.

Mr. CLARK. That is what you seem to say.

Mr. EAMES. I said on cans coming in with fruit.

The CHAIRMAN. There is a tariff and a rebate on it. There is no dispute about it.

Mr. CLARK. He is talking about foreign tin.

Mr. EAMES. Oh, yes; on the tin. Of course.

ADDITIONAL STATEMENT OF GEORGE B. M'CLELLAN, ESQ.

Mr. MCCLELLAN. Mr. Chairman, I would like to add a statement if I may, in that connection.

The CHAIRMAN. We will give you two minutes.

Mr. MCCLELLAN. The Hawaiian product consumes American products, in putting up these cans, amounting to $30 per ton. Of every ton of fruit that is put up, $30 worth of American tariff-paid product is put into that product; and we are competing with foreign goods, where they have free sugar and free tin. That is all I want to say in that connection.

STATEMENT OF FRANCIS E. HAMILTON, ESQ.

Mr. HAMILTON. Mr. Chairman, am I to be limited to two minutes?

The CHAIRMAN. Nothing has been said about a limit of two minutes in connection with you, Mr. Hamilton.

Mr. HAMILTON. I ask the question with perfect honesty, because I do not know whether it will be possible for me to confine myself within that limit.

The CHAIRMAN. The committee will take a recess at 6 o'clock.

Mr. HAMILTON. Mr. Chairman, I suppose I am the first person who has been here to-day who can honestly say that he appears in the interest of the consumer—absolutely of the consumer. The fact that I am paid by importers and the citrus fruit trade to come here does not change the fact that the interest of the public, pure and simple, is the interest that I believe to be affected by the question that I desire to present to the committee.

The CHAIRMAN. It is not very important, but you are not the first person who has appeared here, as alleged, for the consumer. There are others.

Mr. HAMILTON. Did I understand you to say that Mr. Morningstar did?

The CHAIRMAN. Yes.

Mr. HAMILTON. Well, I can not help it. I still must appear for the public. I ask that in the amendment or revision of the tariff the duty upon lemons be removed, and I ask that it be removed because the lemon trade during the last five years has increased more than 100 per cent in California, and according to the official statement of Dr. G. Harold Powell, Pomologist of the Agricultural Department, the profits conected with that business amount to 380-odd dollars an acre on the average. Now, I will take the $1,000 which my friends this morning said the land was worth per acre and allow them 10 per cent interest upon that investment, which is $100, and it leaves a net return of $250 upon the amount of capital, which is shown to be about $700 per acre.

Mr. UNDERWOOD. What report is that?

Mr. HAMILTON. It is entitled "The Status of the American Lemon Industry, by G. Harold Powell, pomologist in charge of fruit transportation and storage investigations, Bureau of Plant Industry. Reprint from Yearbook of Department of Agriculture for 1907."

Mr. Powell, after having investigated, as he doubtless has, with great care with regard to this citrus fruit industry, says "The American lemon industry has become permanently established on a firm foundation within the last few years."

The gentlemen who spoke this morning went back for eleven years to draw their conclusions. They did have some hard times seven or eight or nine years ago. The tariff helped them all through those hard times, and they have gone on until now. Instead of selling their fruit for little or no profit they are marketing their fruit at such a profit as no other agricultural producer in the United States is able to make. Mr. Powell says:

The lemon is grown in the citrus-fruit belt of California, where at the present time the annual production is from 3,000 to 4,000 carloads, which represents approximately 100,000,000 pounds, or from one-third to two-fifths of the total quantity used in the United States.

He says further:

As a result of the recent progress in the industry, the demand for the best brands of California lemons is greater than the present supply.

Do they need to be protected under those circumstances?

The area of groves is extending considerably, though more slowly than the growers desire, as the nurserymen have not been able to supply the demand for trees during the last two or three years.

That does not look, as some of my friends said this morning, as if the business had reached a standstill, and, unless you increase the duty, would go down and disappear.

The CHAIRMAN. What is the date of that report?

Mr. HAMILTON. 1907, sir.

The CHAIRMAN. And it is by Mr. Powell, you say?

Mr. HAMILTON. G. Harold Powell, pomologist of the Department of Agriculture.

The CHAIRMAN. We will try to have him here in the morning.

Mr. HAMILTON. I think he would be a very valuable witness before your honors. This is published in 1908, I believe, but it is copied from the Yearbook of 1907.

Then he goes on to say:

The nurserymen have not been able to supply the demand for trees during the last two or three years, their propagation having been almost abandoned when the business was in the most depressed stage.

All of which is perfectly understandable. It is admitted on the part of the consumers, the people who have to buy our oranges and lemons, that there was a depressed condition of business seven or eight or ten years ago, and that the growers did, as I think a Congressman asked one of the gentlemen this morning, graft or bud their lemon trees over to oranges; but that depressed condition has passed. The protection which the tariff gave has served its full purpose, and now it is going beyond its purpose, and it is making me pay 3, 5, 7, and 10 cents for an orange that I formerly could buy for 1, 2, and 3 cents—and the same difference in ratio of cost applies in the case of lemons. And the lemon, gentlemen, is not a luxury, as you will all agree.

Mr. UNDERWOOD. There is a very different condition, though, with reference to the importation of lemons in this country, and of oranges. The orange duty seems to be prohibitive, whereas, as to lemons, two-thirds of the lemons that are consumed come from abroad.

Mr. HAMILTON. Quite so; and the reason for that is, as will appear from the report of Mr. Powell, that seven or eight years ago, the orange industry being at a low ebb, the lemon industry was at a very much lower ebb; and, as was stated to you this morning, many of the fruit growers in California budded their lemon trees over to orange trees. Then the protection of the 1 cent a pound placed upon both citrus fruits so protected the orange that the importation of that, for business reasons, fell off until instead of bringing in 750,000 boxes in a year it is less than 100,000 boxes at the present time.

The CHAIRMAN. As I understood those gentlemen this morning, they claimed that they were able to meet the competition from Italy as far east as the Allegheny Mountains, but east of them they were unable, because of the increased freight rates, to meet the competition of the Italian imports. I think that was their statement.

Mr. HAMILTON. Forty cars a week of California fruit is being sold in the New York market.

Mr. FORDNEY. When that gentleman this morning said there was no profit in that business, and that in a period of eleven years they had only paid the dividend he mentioned, he did not know what he was talking about, or he made a misstatement?

Mr. HAMILTON. One of the two, or else Mr. Powell is wrong. I am giving these figures from the official document of Mr. Powell, the government official in charge of fruit transportation, and upon his figures I base my statements. Mr. Powell says this—not to detain you, but I think these figures are decidedly interesting at this point:

> The annual cost of maintaining a bearing lemon grove of 20 acres: Cultivation, cost per acre, \$16.10; spraying, cost per acre, \$2.49; pruning, cost per acre, \$8.49; fertilizing, cost per acre, \$8.29; irrigation, cost per acre, \$6.41; water tax, cost per acre, \$8.59.

And they told you all about that water this morning. I presume you gentlemen know as much about California water as I do, but I have seen a great deal of it running, and I have seen a great deal of it sold; and we know that irrigation is one of the necessities in California, and that it is figured on just as much as electric lighting and heating are in our houses.

Mr. FORDNEY. In eleven years we have been able to produce enough to supply about one-third of the consumption?

Mr. HAMILTON. One-third to two-fifths, according to Mr. Powell. The annual total cost per acre is \$370.86. Mr. Powell says:

> The average return per car f. o. b. in California during the last few years varies widely, but a rough estimate of the returns is as follows: 1903-4, probably somewhere near \$400; 1904-5, between \$600 and \$675; 1905-6, between \$800 and \$900; 1906-7, between \$850 and \$950.

In 1903-4, when it was somewhere near \$400, they were just coming over the edge, having paid the expenses of the maintenance of the grove.

Mr. FORDNEY. With that very ability to supply one-third of the market demand, is the price of lemons higher now than it was before the Dingley law took effect?

Mr. HAMILTON. I do not know that I am able to state the comparative price of the same quality of lemons before and after the Dingley law took effect; but what I particularly object to under the present conditions, and what I believe would grow to be a greater evil than it is at present, is that the duty upon lemons has been for the last five years gradually diminishing the importation of them (I have the figures in my brief, and shall not detain you to read them, as I will file the brief), and at the same time there has been this continued increase in the production of California. She has a great big market here to sell lemons in.

The CHAIRMAN. The importation of lemons has remained about the same.

Mr. HAMILTON. It has decreased about 20 per cent in the last five years.

The CHAIRMAN. One hundred and sixty-two million pounds, 152,000,000 pounds, 154,000,000 pounds, 139,000,000 pounds, 138,000,000 pounds—and 153,000,000 pounds was the last one.

Mr. HAMILTON. It has decreased about 20 per cent. You will find, on the other hand, that the production of the California lemon has increased nearly or quite 100 per cent. Despite everything, even if the duty is taken off of the lemon, the result in the long run is going to be that the California fruit will take the market, so far as regards fruit of equal quality and acidity. Very much of the fruit which is brought here is not as fine fruit as the California fruit. While it is a lemon carrying a great deal of acidity, and a perfectly good lemon, it is a lemon that markets for much less to the consumer. So that while the man or the woman or the child for a penny can buy the imported lemon at the present time in the market, he is in danger all the time of being crowded out of that for the two reasons which I have given, that the California fruit, which is more expensive, is gradually absorbing the market, and at the same time the foreign fruit is being eliminated from the market, because there is not a profit in it.

For the past season I am authorized by the citrus-fruit dealers of New York to state that the prices have been such that it has been only a matter of the disposition of the goods that have been sent to them. There was no such thing as a profit in the business of the imported lemon during this past year.

Mr. FORDNEY. This gentleman stated this morning that there was a difference of 58 cents a box against the California fruit in the New York market.

Mr. HAMILTON. He stated that it cost 25 cents a box to bring the fruit from the other side. It costs 30 cents. There never has been a box laid down for less than that. If he is as wrong in his other figures as to freights as he was on his ocean freights, I can see where he makes up the difference between the two things.

The CHAIRMAN. What do you say it costs to lay down the lemons in New York, freight paid?

Mr. HAMILTON. Two dollars and sixty cents a box.

The CHAIRMAN. Can you give it in pounds?

Mr. HAMILTON. There are 82 pounds to a box. Two dollars and sixty cents a box would be about 3½ cents a pound, would it not, or 3¼ cents a pound?

The CHAIRMAN. The reports have only 2.8 cents a pound.

Mr. HAMILTON. Well, here are gentlemen here——

The CHAIRMAN. That is in 1907. Prior to that it was 2.1 cents for four or five years.

Mr. HAMILTON. Those figures we can supply from actual experience—that is, from the books of the men who have dealt in them for the last five or ten years—if it is at all desirable that the committee should have them.

The CHAIRMAN. This government report, I am frank to say, does not include the duty.

Mr. HAMILTON. Oh; no, sir. There was a suggestion this morning that time was not to be wasted in stump speeches. I do not want to make a stump speech, but I want to ask whether the committee is not with me in this one proposition:

The Republican tariff principle is understood to be twofold: First, to produce a revenue; and second, to protect the interests of home industries. Such protection should be so graduated that its benefits are equally divided between the capital that establishes, the labor that produces, and the public that consumes. The moment a tariff rate fails to equitably meet these three requirements, that moment it becomes unjust, whether it be a Republican or a Democratic tariff.

I believe the committee will agree with me in that as a proposition, and I submit that the facts contained in this brief and such other data as we may subsequently file, in my judgment will be sufficient to satisfy the committee that, aside from the question of revenue—and I do not believe that it is your right to impose any duty upon lemons and oranges as a revenue measure, because they are not luxuries, and the revenue duty, or the duty for revenue, should be imposed upon the luxuries——

Mr. UNDERWOOD. Suppose you can not get enough revenue out of the luxuries?

Mr. HAMILTON. You suggested last year, I think, that there was an opportunity to raise just such a revenue from the very interest I then represented, and I think you were quite right.

Mr. UNDERWOOD. I would like to ask this on this lemon duty. I agree thoroughly that the duty on oranges is not only a protective duty, but a prohibitive duty, and not one that would meet with my approval at all; but on this lemon schedule, it appears that a very large percentage of the consumption in the country comes from the imported crop, which has a tendency to regulate the price, and at the same time the Government obtains $1,500,000 of revenue from that. Under those circumstances, with a large deficit in the Treasury and $1,500.000 to be raised from this particular article, how can we get away from that proposition, as long as it is not a prohibitive duty but a protective duty?

Mr. HAMILTON. Have I omitted in my suggestion of what is the true tariff principle, the third and additional fact that "if we are behind the light-house we must have money, and therefore a tariff should be laid upon anything that will produce it?" I do not believe the committee desires to suggest that as one of the salient principles that go to build up a proper tariff. The Government has been receiving $1,500.000 from these lemons, and if it has been unjust to the consumer, wipe it out. You have no business to continue it.

Mr. FORDNEY. What would you put on it?

Mr. HAMILTON. There is the same question that has been asked me from the other side. You seem to see the necessity of $1,500,000 of

money that has formerly been coming from the lemon trade, and, losing that, you say "What will you put it on?" That is up to the committee; but it certainly should not be imposed upon a necessity of life, and should not be imposed where it is not necessary to protect a home industry.

Mr. FORDNEY. How about a tax on potatoes?

Mr. HAMILTON. I have never gone into that question.

Mr. FORDNEY. More people eat potatoes than eat lemons.

Mr. HAMILTON. They do; and the principle may be just as wrong in that as in this, sir. I only desire to read a line or two more——

Mr. RANDELL. Would not the same rule apply to the sixty millions on sugar, to take it off of the necessaries of life?

Mr. HAMILTON. Are we producing what sugar we require here? I said the necessaries of life, produced in our own market. The California fruit is gradually taking the market, and will eventually take it all.

The CHAIRMAN. You only have seven minutes more, if you desire to finish to-night.

Mr. HAMILTON. I will stop in two minutes.

In the matter of lemons, the past five years have proven, first, that our country is rapidly advancing toward the point where its supply of home-grown fruit will equal and continue to equal all home demand; second, that the profit to the lemon grower is large, far beyond that of the average farmer, and constantly growing; third, that the price of the fruit has steadily risen during the five years last past, and, fourth, that such conditions have existed in spite of the importations, which have steadily declined during the same period.

As a result of the continuance of these conditions, it is positive that within a very short space of time foreign fruit will be entirely driven from the market, and the price of the home-grown product—already so high as to net a return of nearly if not quite 100 per cent upon the investment and cost of labor annually—will so advance as to prohibit the liberal enjoyment of the same by the great masses of the people, thus seriously and unjustly affecting the consumer.

To avoid this result, at least for some years to come, Congress should place lemons, and oranges as well, upon the free list, so that they may remain within the reach of the laborer and his family, that mighty body known to the public as "the consumer."

Within the past two years our neighbor to the north, Canada, has removed all duty upon lemons, while Russia has reduced its duty upon the fruit two-thirds, both countries acting for "the benefit of the people."

If the lawmakers in a constitutional monarchy, and as well in an absolute monarchy, find themselves moved to act for the betterment of those over whom they rule, how much more is it the duty of our lawmakers, chosen from the masses, being consumers themselves and representatives not of a vested power but of an independent people, to protect that people and to benefit the entire body of consumers by equally popular and just action.

Mr. FORDNEY. They can not raise lemons in Canada, can they?

Mr. HAMILTON. I never have heard of their raising any there.

Mr. FORDNEY. Has the increased cost of lemons in the last five years, in your opinion, been due to the increase of wages or the tariff?

Mr. HAMILTON. I think a combination of both. It would be very foolish to say that the tariff had caused all of the increase.

Mr. FORDNEY. I do not think it has.

The following is the brief presented by Mr. Hamilton:

Memorial of the Italian Chamber of Commerce and the importing citrus-fruit trade of New York upon the question of duties on lemons.

The Italian Chamber of Commerce consists of the large majority of Italian importers and merchants in the city of New York, and represents an average Italian-American trade of upward of $100,000,000 a year.

There are in the city of New York alone more than 400,000 Italians, while the total Italian population of the United States numbers upward of 2,000.000.

The Italian Chamber of Commerce of New York represents in a commercial sense the interests of all Italian-Americans, while the citrus-fruit importers speak for the masses of the people, who, by their use, have made such fruits a necessity of life.

Magnitude of the trade.—The citrus-fruit trade of this country is enormous.

From a consumption too small to appear even as an item of imports in 1858, the use of citrus fruits has grown in fifty years until now it is estimated that the yearly consumption of lemons alone is upward of 3,300.000 boxes, the division being, approximately, 2,000,000 boxes imported and 1,300,000 boxes produced in the United States.

Benefits of the trade.—There exists no question but that the consumption of fruit, and especially of citrus fruit, is highly beneficial to the users thereof. All physicians and scientists agree upon this point, and during the warmer season of the year, from June until November, not only the general public health is conserved by the use of these fruits, but lemon juice especially takes the place of many deleterious beverages with the great masses of the people, and especially with the poorer classes the country over.

It would therefore be a step backward in our civilization to enact any law which would militate against the popular and almost universal use of these fruits, the demand for which is constantly increasing, and which are no longer luxuries, but necessities.

Cost.—Fifty years ago oranges and lemons sold to the consumer at from 5 to 10 cents each for oranges, and at from 3 to 7 cents each for lemons. The increased importation of oranges from Mexico, the West Indian and Mediterranean ports, however, gradually reduced their cost until the cheaper oranges sold at 1 cent apiece, being even less than lemons, and the consumption was decidedly increased. So great did the import trade grow in time to be, the custom charge being only 25 cents per box, that the Florida growers made an effort, shortly thereafter indorsed by the California interests, to place a heavier duty upon the same, which was done under the McKinley Act in 1897.

At the same time both fruits, oranges and lemons, were placed upon the duty lists at 1 cent per pound, although the production of lemons in this country was far below the demand, and required no protection to insure a market.

As a result, however, of this duty the price of the fruit advanced and the consumption of oranges fell off. The public, accustomed to buying the small West Indian, Mexican, or Mediterranean orange at a penny, did not chose to pay 2 or 3 cents, but supplied themselves in lieu thereof with bananas, which were free of duty and which very soon increased in consumption to a large extent. Bananas were and still are sold at a penny, and to-day the quantity required to supply the poorer classes is enormous.

The tariff rate of 1 cent a pound imposed upon oranges resulted in so burdening the import trade that it has practically been destroyed. Less than 100,000 boxes a year have been imported at the port of New York during the past five years. Prior to the passage of the present tariff act the importations of oranges at this port were from 750,000 to 1,500,000 boxes per year, with a population market in this country 10,000,000 or 15,000,000 less than at the present time. The price of cheap oranges has never been so low as prior to 1897, and never will be again unless the fruit goes on the free list.

The arguments presented by Senator Gray, of Delaware, in the tariff discussions of the Fifty-fifth Congress, have been proven true, and as a result of the 1-cent per pound duty on oranges the great masses of this country have been deprived of a cheap fruit, although the steady increase of home production has given all the supply required in the higher grades and for the needs of those who were able to pay for them. This condition, however, does not pertain with regard to lemons.

Use.—This fruit has always been in demand for its tonic qualities, and its use has been augmented by the moderate prices which have prevailed despite the duty tax, and by the fact that the fruit may be found in the market practically the year round.

Its direct effect upon the system is much more marked than that of the orange, its acidity is most gratefully cooling in warm weather, and its effects are directly beneficial in many forms of illness. The demand for the lemon has been steadily increasing for more than half a century, and is growing with the growth of the population.

Home production.—The lemons of California supply about one-third of the demand of the United States.

G. Harold Powell, pomologist of the Department of Agriculture, in the Yearbook of the Department for 1907, p. 343, says:

> The American lemon industry has become permanently established on a firm foundation within the last few years, the seasons since 1904 having proved unusually profitable. The annual production is from 3,000 to 4,000 carloads (about 1,170,000 boxes), being from one-third to two-fifths of the total quantity used in the United States.

In the same report he further says (p. 344):

> The demand for the best brands of California lemons is greater than the present supply. The area of groves is extending considerably, though more slowly than the growers desire, as the nurserymen have not been able to sup-

ply the demand for trees during the last two or three years. * * * It will be several years before the product of recent plantings increases the total supply of fruit to any considerable extent.

Again he says (p. 348):

The California lemon is shipped principally into the markets of the Central West and West. The California fruit has not been marketed extensively in the Atlantic seaboard markets, as the crop is not yet large enough to furnish a regular supply for all the markets of the country. The increase in demand for the fruit in the western half of the country has fully kept pace with the production in California.

The same authority gives the average cost per acre of maintaining a California lemon grove at $370.86 and the average production at about 25,000 pounds, equivalent to one carload of fruit per acre. Taking the figures of Professor Powell for the years 1903, 1904, 1905, 1906, and 1907 to fix the value of the fruit f. o. b. California, we find an average price during these years of $696 per car, or a net profit to the producer of $325.14 per acre.

It is also shown by the Yearbook of the Department of Agriculture that the selling price of lemons has steadily increased during the past five years, being in 1907 from $850 to $950 per car. At these figures there would be a profit of more than $500 per acre to the producer.

Importation.—During the years in question—that is, since 1903—the importation of lemons has not increased. Comparing the same with the California product will be of interest. The figures are from the Yearbook.

Importations.		California shipments.	
Year.	Car lots.	Year.	Car lots.
1903-4	6,559	1903-4	2,782
1904-5	5,806	1904-5	4,274
1905-6	5,292	1905-6	3,789
1906-7	6,023	1906-7	3,507

From these figures it is apparent that the consumption throughout the country during the periods named has been from 9,081 annually—about 2,833,000 boxes—to 9,580 cars or about 3,000,000 boxes.

These figures also show that the importations of lemons for 1906-7 is less than it was in 1903-4, while the California shipments have increased in the same comparison over 60 per cent.

If we go back ten years we find the difference even greater.

In 1899 the importations were 2,310,000 boxes, while in that year California shipments were less than 500,000 boxes. In nine years the importation of lemons has fallen from 2,310,000 boxes to 1,944,900 boxes; while during the same period the California shipments have increased from 451,464 boxes to 1,094,184 boxes.

A falling off of the importations of 20 per cent while domestic shipments have increased more than 100 per cent.

It does not require a prophet to determine the final result. Just so soon as California is able to meet the demand her lemons will have entire control of the market, unless the present duty is removed so that the foreign fruit can compete.

Demand.—The above figures prove the increasing demand for lemons, and Professor Powell says (p. 346):

The demand for the lemon, in common with other fruits, is increasing throughout the country, especially in the growing Central West and West, but the increased demand is supplied to a large extent by the California fruit.

This is still further proven by commercial figures. While the official showing of the Year Book for California shipments of 1906–7 is but 3,507 cars, the California Fruit Grower, a San Francisco publication, in its October issue shows that the shipments of lemons for the present year have been 4,650 cars.

On September 19, 1908, the paper above referred to said:

Is California slowly, but surely, driving foreign lemons out of the American market?

It then proceeds to discuss the question, and concludes as follows:

But the most popular explanation of the situation is found in the rapid increase in popularity of California lemons and their increased supply. Statistics for purposes of comparison are not easy to find, but it is well known that California is supplying interior markets which formerly came to New York for imported stock. With the fluctuations in the size of the crop, it is difficult to show that while Sicily fruit has fallen off California has advanced; but it is manifest that of late years California's output of lemons has rapidly grown, and that it has somehow been entirely absorbed.

Lemons should be free.—The Republican tariff principle is understood to be twofold: First, to produce a revenue; and, second, to protect the interest of home industries. Such protection should be so graduated that its benefits are equally divided between the capital that establishes, the labor that produces, and the public that consumes. The moment a tariff rate fails to equitably meet these three requirements that moment it becomes unjust.

In the matter of lemons, the past five years have proven: First, that our country is rapidly advancing toward the point where its supply of home-grown fruit will equal and continue to equal all home demand; second, that the profit to the lemon grower is large, far beyond that of the average farmer, and constantly growing; third, that the price of the fruit has steadily risen during five years last past; and, fourth, that such conditions have existed in spite of the importations, which have steadily declined during the same period.

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Within the past two years our neighbor to the north, Canada, has removed all duty upon lemons, while Russia has reduced its duty upon the fruit two-thirds, both countries acting for "the benefit of the people."

If the lawmakers in a constitutional monarchy, and as well in an absolute monarchy, find themselves moved to act for the betterment of those over whom they rule, how much more is it the duty of our lawmakers, chosen from the masses, being consumers themselves and representatives not of a vested power, but of an independent people, to protect that people and to benefit the entire body of consumers by equally popular and just action.

G. R. SCHROEDT, *Secretary*.
E. MAUAUI, *Vice-President*.

The CHAIRMAN. If there are no further questions, we will take a recess until 9.30 o'clock to-morrow morning.

(The committee thereupon, at 6 o'clock p. m., adjourned until to-morrow, Thursday, November 19, 1908, at 9.30 o'clock a. m.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 8.

THURSDAY, NOVEMBER 19, 1908.

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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

JOHN DALZELL.
SAMUEL W. McCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.
NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. POU.
CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Thursday, November 19, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. We will first hear Mr. Saitta, and conclude the hearing on lemons.

STATEMENT OF MR. PHILIP F. SAITTA, 258 BROADWAY, NEW YORK, N. Y.

Mr. SAITTA. Mr. Chairman and gentlemen of the committee, I represent the fruit importers and dealers in New York.

A great deal was said yesterday in reference to the cost of Italian lemons, and I would like as briefly as possible, in a few words, give you the facts as to what the cost of lemons is in New York City.

Lemons have never been landed in New York to my knowledge, with an experience of fully twenty-five years, at less than $2.40 to $2.45 per box. The freight, stated yesterday to be 25 cents, has never in my experience been less than 30 cents, 1s. 3d., English money, thereby making it 30 cents per box.

Mr. CLARK. What was that first statement?

Mr. SAITTA. That lemons can not be landed in New York, including the duty, at less than $2.40.

Mr. CLARK. Including the duty?

Mr. SAITTA. Yes, sir; and that is, I may add here, not only for the best quality of lemons, but half of the firsts, as they are called in the trade, and half of the seconds. The freight, as stated, is 30 cents. The duty is 80 cents, and then there is also a duty upon the shook of 15 per cent if it is of American make and 30 per cent if it is of Italian make. They make it invariably 15 per cent, although the material from which they make the boxes comes from this country, especially from Maine—a kind of wood that is not used for any other than that specific purpose. They have to mix that wood with Italian wood, and therefore it pays an additional 15 per cent. The total duty is in the neighborhood of 82 to 85 cents a box. The actual cost of lemons in Italy during the cheapest time of the year, which is between the months of December and March or the early part of April, is 4s. 9d. per box, English money. Plus the freight and plus the duty, lemons can never be landed in New York City at a less price than $2.42 a box, and that is only periodically and at certain times of the year when lemons are the cheapest, as stated before, between December and March, but later on, in April, lemons advance, owing to the enormous demand of the European market, from 4s. 9d.

to 6s. 6d., and sometimes 7s., for the months of April and May. After that there is another advance during June, July, and August to at least 8s. 6d. and 9s. 6d. per box, making the cost here in New York during the winter months $2.45, during the months from March to June about $2.75 to $2.90 per box, and during the months from June to October about $3 to $3.50 per box.

You gentlemen can readily see, according to the comparison of our California friends, that they can make a fabulous profit even at the price quoted by them, $2.32, for laying down their lemons in the New York market.

There are a great many things to be taken into consideration. One is that during the winter time the California people do not dare risk bringing lemons to the eastern market, for the reason that it is dangerous for them to bring the lemons there owing to the cold weather, and they can not get heated cars in which to bring them. Therefore they keep away as much as possible from the eastern market, but during the other times lemons from California come into the New York market and command a price all the way from $3 to $5 a box. California lemons generally sell in the New York market or elsewhere at from 75 cents to $1.50 a box more than the Italian lemons can sell for, except the Majori, which comes from the neighborhood of Sorrento, Italy. That lemon comes the nearest in appearance to the California lemon, and it sells very high, but no lemon can compare with the California lemon, owing to its beautiful appearance. It is perfect. It goes through a certain process that makes it clean and beautiful, and owing to its beautiful shape it attracts the eye. It is used by the best class of people. On the other hand, the Italian lemon is used by the poor element. The American of wealth does not care whether he pays 25 cents or 50 cents a dozen for lemons.

The CHAIRMAN. Please do not spend so much time on that subject. We have the names of 36 persons on the list to be heard to-day, and there will probably be a number of others. Please confine yourself to the facts and not to an argument as to whether or not the price should be lower to the poor people.

Mr. SAITTA. The only matter I want to explain to you is the matter of how the lemon is sold. For instance, the Italian lemon is sold for 1 cent in New York, and that to the poor people is certainly an advantage.

The CHAIRMAN. Lemons at 1 cent apiece are a great deal better than lemons at 5 cents apiece to either the poor or rich.

Mr. SAITTA. With some people.

Mr. BOUTELL. How much does the duty on one lemon amount to?

Mr. SAITTA. There is an average of 330 lemons to a box, and of course in the summer time they ship a smaller lemon, possibly 420 to 520 in a box.

Mr. BOUTELL. About one-eighth of a cent under the present duty?

Mr. SAITTA. The present duty would be a little more than one-eighth; one-third, not quite one-third.

Mr. BOUTELL. It would be less than that. How much would that cheapen the lemon?

Mr. SAITTA. The question is this: The lemon on the other side, as stated to you, costs more than the California lemon, and we can not compete with California. Therefore California has nothing to fear

even if the duty is taken off or reduced to the original amount, what it was some years ago.

The CHAIRMAN. But you do compete and take the greater part of the market?

Mr. SAITTA. The only question is this: The reason we take the bulk of the market is because California can not produce them; they have not the stuff to supply the poorer people, and if a heavier duty is placed on the goods, who is going to suffer? They can not go to California and ship oranges for lemons, and they have not the lemons. If California had the lemons to send into the market you would not need to put a cent of duty on them; they would drive out the foreign lemons themselves.

The CHAIRMAN. You can not compete on oranges?

Mr. SAITTA. We can not compete on lemons, and you will see the time when California lemons will drive out the Italian lemons, and that time will not be many years in coming.

Mr. UNDERWOOD. In brief, you contend that the only reason that the California people do not control the New York market is because they have not sufficient lemons?

Mr. SAITTA. Yes, sir; the only time when they ship lemons to New York is when they want to try to discourage the Italian people from sending their lemons to New York. If they had enough lemons to supply the demand they would not need to do that, they could sell them the same as they do the oranges. For instance, last week they shipped into the New York market—when the market was $4 and $4.25, when they saw that there was a steamer coming to the city of New York—they sent 25 cars and broke the market $1 a box. They do not want the Italians to ship lemons to this country. If they do not ship the price of lemons will go up. Lemons are perishable, and the price will go up every day from 25 cents to 50 cents, and they would reap the benefit, because there are no goods in the market. Instead of $3.50, $4, $5, or $6, I have seen the time when the California lemons brought $7 a box, the same as oranges. California oranges to-day sell at from $4 to $5 a box, whereas Porto Rico oranges are selling, and I sold them myself the other day, at from 90 cents to $1.40 a box. There is no duty on the Porto Rican product, and it is a good orange, only it does not compete.

The CHAIRMAN. The five minutes you asked for expired long ago. You said that you wanted to talk on lemons for five minutes, and you have been talking much longer than that. Please get down to the facts.

Mr. SAITTA. I would like to says a few words in reference to labor. It has been stated that labor on the other side is cheap. Labor in Europe is not cheap. Labor has advanced from 2 lire to 5 lire a day. In addition to that, the work of one man in this country equals the work of two men on the other side.

Mr. UNDERWOOD. You say that the work of one man here is equal to the work of two men there?

Mr. SAITTA. Yes, sir.

Mr. UNDERWOOD. Will you please state how you have determined that fact?

Mr. SAITTA. My knowledge is from actual experience. You take an Italian, for instance, accustomed to the climate there, and he will

not work during the very hot part of the day. Furthermore, the food they eat is much heavier and makes them lazier. Second, they have not the smartness and the quickness of the American people and they do not accomplish what the American people can accomplish. Third, the scarcity of labor there now, which is caused by the enormous immigration to this country. Last year, when I was in Europe, it was hard to get a man to do a day's work; we could not find any. This year there are probably more, because a great many people have returned to Europe. They are gradually coming back, however, because you can not keep them there if they have once been in this glorious country.

Mr. Clark. You say that the Italians eat heavier food than we do?

Mr. Saitta. I mean by heavier food that they drink a little wine. That makes them a little stupid. They eat more food cooked with oil and things of that kind, which makes the food heavier.

Mr. Clark. I thought we ate more food than any people on earth?

Mr. Saitta. There is no question about that.

Mr. Clark. How is it that when you bring an Italian over here that then he works better?

Mr. Saitta. The climatic conditions are different. It is not so hot and he works better.

Mr. Clark. How many hours a day do they work over there?

Mr. Saitta. They have their union. The time used to be from sunrise to sundown, but they do not work that way any more.

Mr. Clark. How many hours a day do they work?

Mr. Saitta. I think it is nine hours.

Mr. Clark. And how many hours do they work here?

Mr. Saitta. Eight hours.

Mr. Gaines. What compensation do they get over there?

Mr. Saitta. From 4½ to 5 francs a day, about 90 cents.

Mr. Gaines. What is the compensation here?

Mr. Saitta. It varies. The Californians claim that they pay $2. I have been in California and I know that they can get labor cheaper than that.

Mr. Clark. An Italian in Italy or Sicily can pick as many lemons in a day as an Italian in California or Florida can?

Mr. Saitta. He might.

Mr. Clark. They have the very same kind of labor in Florida and California as they have in Italy?

Mr. Saitta. No; the farmers in Italy will not work as good as the American people.

Mr. Clark. What I am trying to find out is what happens to an Italian from the time he leaves Italy until the time he strikes America that makes him a better laborer in the United States than in Italy?

Mr. Saitta. It is the climate and the mode of living.

Mr. Clark. The climate is no different in Florida and California, where they raise the lemons?

Mr. Saitta. But there is a difference in the conditions and the mode of living.

Mr. Clark. How much is a lire in our money?

Mr. Saitta. About 20 cents.

Mr. Clark. They used to get 2 lires?

Mr. Saitta. Yes, sir.

Mr. Clark. That was about 40 or 45 cents?

Mr. SAITTA. Yes, sir.
Mr. CLARK. Now they get 5 lire?
Mr. SAITTA. Yes, sir.
Mr. CLARK. Do you know that?
Mr. SAITTA. Positively.
Mr. CLARK. That makes over a dollar a day that they get in Italy?
Mr. SAITTA. From 90 cents to $1.
Mr. CLARK. Why do they not stay in Italy?
Mr. SAITTA. A great many of them do, but they can do better here.
Mr. CLARK. They can not do very much better here if they are getting those large wages there?
Mr. SAITTA. That has only been of late years.
The CHAIRMAN. Do women work in the orange groves in Italy?
Mr. SAITTA. Yes, sir; some of them do.
The CHAIRMAN. How much do they get?
Mr. SAITTA. Not so much as the men.
The CHAIRMAN. How much?
Mr. SAITTA. About 50 cents.
The CHAIRMAN. Do children work there picking lemons?
Mr. SAITTA. No, sir.
Mr. CLARK. You do not undertake to say that the women working in the fields only get one-half of what the men get?
Mr. SAITTA. You must understand that one man will get 3 lire and another man will get 5 lire. A man who packs lemons has to be an expert, and he gets more money than the man who picks lemons.
Mr. CLARK. What we want to ascertain is what common laborers get in Italy. I am not talking about skilled laborers, but common foreign laborers.
Mr. SAITTA. There are two classes—one that carries the fruit and the other that packs the fruit.
Mr. CLARK. What does the man get who picks the lemon off the three? That is very simple work.
Mr. SAITTA. From 3 lire to 3½ lire a day.
Mr. CLARK. How much is that?
Mr. SAITTA. Sixty to 70 cents. A man who packs lemons will get 90 cents.
Mr. CLARK. He is a sort of a skilled laborer?
Mr. SAITTA. Yes, sir. Of course he has to be a man who understands his business, because the Italian lemons do not run in uniform sizes.
The CHAIRMAN. What do the other laborers in the field there, besides those who pick lemons, get?
Mr. SAITTA. They get about the same amount.
Mr. CLARK. There is another question that I would like to ask you. What is the difference in the cost of living in Italy and in the United States to one of these laborers, if you know?
Mr. SAITTA. It depends on who the person is. An Italian there of the poorer class can live very cheaply, because he does without a good many things which in this country the people will not do without. Moreover, they only eat two meals a day over there, as against three meals here. In the morning the poorer class will not eat until 11 o'clock. and then they have their dinner some time during the afternoon.

Mr. CLARK. I thought you stated about ten minutes ago that they ate heavier food.

Mr. SAITTA. I mean a heavier quality of food. For instance, a man will eat a great mess of beans or lentils and use a great deal of olive oil and wine.

Mr. CLARK. Now, that does not make them feel heavier than a great big piece of bacon, does it?

Mr. SAITTA. I do not know.

Mr. CLARK. What I want to ascertain is how much is the difference to an Italian laborer who is employed in the simplest kind of labor, the one who picks these lemons off the trees and does that sort of work, how much is the difference between his cost of living and the American laborer who does the same kind of work?

Mr. SAITTA. An American will probably live up to all he earns.

Mr. CLARK. I am not asking you that? Do you know what the difference is?

Mr. SAITTA. They use up every dollar they earn.

Mr. CLARK. How much does it cost the American labor and the Italian labor, if you know?

Mr. SAITTA. I do not know the difference between the one and the other.

Mr. CLARK. Then, I will withdraw the question.

Mr. BOUTELL. For whom do you appear?

Mr. SAITTA. I appear for the importers and the buyers, the dealers who buy the fruit at wholesale.

Mr. BOUTELL. What they call jobbers?

Mr. SAITTA. Yes, sir; jobbers.

Mr. BOUTELL. I do not quite understand what difference it makes to you whether lemons are $2.45 or $2.65, or whether California lemons are more or less than Italian lemons; you handle them at whatever price they are?

Mr. SAITTA. If the duty is increased the Italian lemons can not come to this country, and the importers will have to go out of business.

Mr. BOUTELL. Would they not handle the California lemons?

Mr. SAITTA. No; because those lemons are handled direct.

Mr. BOUTELL. Do you know how oranges are handled?

Mr. SAITTA. Yes, sir.

Mr. BOUTELL. Yesterday I telephoned to two groceries here in Washington for some oranges and they both gave me the same answer, that they had only two kinds, California and Florida oranges, and they said that the Florida oranges were 60 cents a dozen and the California oranges $1 a dozen. In view of the testimony we have had here, I would like to know where the profit comes in between the price at which these oranges are sold and the price which the ultimate consumer, the man who eats the orange, has to pay?

Mr. SAITTA. Oranges vary, for instance, in size from 96 up to 200 about this time of the year, and the difference in the size makes the difference in the price, and there is also a difference in the quality. A good California orange running from 126 to 150 would bring from $4.50 to $5 a box.

Mr. NEEDHAM. How can you say that when the trade journals give the price at $2 a box?

Mr. SAITTA. California oranges?

Mr. NEEDHAM. Yes, sir.

Mr. BOUTELL. This man stated that the California oranges he had ordered from New York by telegraph and that they cost him $7 a box, the oranges which he was retailing here at $1 a dozen.

Mr. SAITTA. I know that the week before last oranges sold at $7 a box at auction.

Mr. BOUTELL. This committee wants to know where the profit is?

Mr. SAITTA. The profit goes to the growers and the retailers.

Mr. BOUTELL. Well, the profit does not go to the growers, according to any testimony presented here.

Mr. SAITTA. The matter has not been presented in a way so as to give the actual facts. For instance, the California people claim that they make no profit on lemons. That is not so. I know one instance in California where a man bought a ranch and paid $10,000 for it, and inside of two years he had paid for that ranch and had money left. All he invested was $10,000 and the ranch cost $110,000. In two years he made more than the $10,000.

Mr. HILL. On page 477 of the hearings you will notice that Mr. Call stated that it costs $1.48 to put a box of lemons on the cars in California. Do you consent to that statement?

Mr. SAITTA. I do not think it costs that much.

Mr. HILL. He also stated that it costs 75 cents a box to put the foreign lemons on the boat to be shipped to the United States.

Mr. SAITTA. That is positively not so.

Mr. HILL. What does it cost?

Mr. SAITTA. To put a box of lemons at this time of year on the boat?

Mr. HILL. I mean the average.

Mr. SAITTA. About $1.20 to $1.25. In that case I can submit to you gentlemen proof to your entire satisfaction—positive proof.

Mr. HILL. You claim, then, that the difference in cost in favor of Italy is 28 cents; that is, $1.48 as against $1.20?

Mr. SAITTA. That only means seconds as against all firsts for California.

Mr. HILL. He claims that there is a difference in cost of 73 cents.

Mr. SAITTA. That is not true.

Mr. HILL. A box of lemons will weigh about how much?

Mr. SAITTA. About 82 to 83 pounds.

Mr. HILL. And the tariff now is 83 cents?

Mr. SAITTA. Yes, sir; about 1 cent a pound.

Mr. FORDNEY. You heard Mr. Call's statement yesterday did you?

Mr. SAITTA. Yes, sir.

Mr. FORDNEY. That there was practically no profit on lemons and that they were turning the lemon groves into orange groves?

Mr. SAITTA. The reason for that is they are afraid of the frost.

Mr. FORDNEY. No, sir. He either did not state the facts or he did not know what he was talking about.

Mr. SAITTA. He certainly must have been misinformed.

Mr. FORDNEY. He is a lemon and orange grower, and yet did not know what he was talking about?

Mr. SAITTA. I know that the California lemons bring $1 more than the Italian lemons.

Mr. FORDNEY. Then he was not right?

Mr. SAITTA. No, sir; and I can prove it to you. I can prove it by any amount of evidence.

Mr. CLARK. I wish you would file a brief covering all of those facts?

Mr. SAITTA. I will file with the committee all of the facts as to the actual sales of lemons in New York, what they have sold for in New York each week or month for one or two years, as you desire.

Mr. CLARK. A year and a half or two years will answer our purposes.

Mr. SAITTA. I will gladly do that.

The CHAIRMAN. File your brief and put the rest of your argument in and it will be printed and read by the committee.

STATEMENT OF MR. HERMAN KLABER, OF PORTLAND, OREG.

Mr. KLABER. Mr. Chairman and members of the Ways and Means Committee, I come before you as a representative and on behalf of about 3,500 hop growers of this country, and also on behalf of 150,000 to 200,000 laboring people who are engaged in the cultivation of hops, to submit to you some facts and figures in verification of the appeal they have presented to you in the form of a memorial submitted by Senator Woodward, of California.

I do not desire to trespass upon your valuable time by burdening you with any unnecessary collection of statistics relating to hops, because these are at your disposal at the office of the United States statistician and are not necessary just now in the presentation of our general statement. The hop growers of the United States are in great and dire distress, and I desire to emphasize their prayer and their appeal to you for aid and protection in these times of their financial adversity. But few people except those directly interested have any conception of the importance of the hop industry. Hops rank fourteenth in point of importance in the United States agricultural products, according to the report of the United States Secretary of Agriculture, but no other crop disburses so great a percentage of its cost for labor.

The capital invested in this industry is far greater than is generally known. Without going into detail, I am prepared to give you the interesting information that we have about 3,500 growers of hops in the United States and have about 53,000 acres in cultivation in hops, and upon the basis of over $400 an acre as actual outlay for the equipment, it represents a total capital investment of $20,000,000 to $25,000,000. This does not cover the value of the land upon which the improvements have been made. The cost of raising hops is about 15 cents per pound, of which over 85 per cent is spent for labor. In 1906 we raised about 380,000 bales in the United States, which represents over ten millions disbursed for labor.

Our hop growers are appealing to you for an advance in the tariff on foreign hops from 12 cents per pound to 24 cents per pound, and I shall endeavor to submit to you substantial reasons why we require this increase to save the industry from ruin.

The CHAIRMAN. In 1906 the production of hops in this country was 48,000,000 pounds, of which 16,000,000 pounds were exported, and the importations were only 5,000,000 pounds. Please answer the proposition contained in those figures before you get through.

Mr. KLABER. Yes, sir.

On its face it appears as an excessive advance, but a study of the facts will at once dissipate this idea. Our position is this: The American brewer who uses imported hops uses them only in small proportion to the use of American hops. In other words, he uses only 1 pound of imported hops to make a given quantity of beer where he used 2 pounds of domestic hops to make the same quantity of beer. Hence you will see that a pound of foreign hops displaces 2 pounds of American hops. According to this, the present specific duty of 12 cents per pound on foreign hops is in reality only a protection to the American grower of about 6 cents per pound, or the ratio of two to one.

The CHAIRMAN. One pound of imported hops will go as far as 2 pounds of domestic hops in making beer?

Mr. KLABER. Yes, sir.

The CHAIRMAN. Who is your authority for that statement?

Mr. KLABER. The brewers, all of them.

The CHAIRMAN. It is very strange that statement should appear to-day, when we have had hearings for years before this committee and no intimation of that kind was ever made before.

Mr. KLABER. The brewers make that claim, and they have claimed as high as 3 pounds of domestic hops to 1 pound of imported hops.

Mr. CLARK. That is when they are trying to buy the hops from you?

Mr. KLABER. It is an established fact among hop men, that brewers use only half as much imported hops as American hops?

Mr. CLARK. Who is there that knows that?

Mr. KLABER. I know it.

Mr. CLARK. You take it by hearsay, but who knows it?

Mr. KLABER. Not only that, but I am interested in a brewery in Seattle.

Mr. CLARK. You run a brewery and hop field, too?

Mr. KLABER. Yes, sir.

Foreign hops are not necessary to make the highest or any other grade of beer. However, the American brewer believes he needs them, but uses them sparingly, or upon the basis of 1 pound of foreign hops against 2 pounds of domestic hops.

We need a duty of 24 cents per pound on foreign hops to offset this displacement, and which in reality would only be a duty of about 12 cents per pound, figuring pound for pound.

The average price on foreign hops the past five years in New York has been about 44 cents per pound. The maximum price of imported hops for the past five years was 60 cents per pound. Therefore the present specific duty of 12 cents per pound is only equal to about 20 per cent ad valorem.

The CHAIRMAN. Twenty per cent ad valorem?

Mr. KLABER. Yes, sir.

The minimum price of imported hops for the past five years was 20 cents per pound. Therefore the present specific duty of 12 cents per pound reduced to ad valorem basis equals only 60 per cent. So you will observe that the duty imposed is not excessive when compared with other articles we import into this country of similar character, namely, luxuries.

Taking the average of the prices for imported hops for the past five years, which is about 44 cents per pound, the duty amounts to less than 30 per cent on the ad valorem basis.

The CHAIRMAN. In 1903 it was 40 per cent, the next year 24 per cent, the next 26 per cent, the next year 50 per cent, and the next year 37 per cent. That is what the government statistics will show.

Mr. KLABER. Ad valorem?

The CHAIRMAN. Yes, sir.

Mr. KLABER. I have mentioned 30 per cent ad valorem as the average. That is the average. I have not gone into details.

The importance of the hop industry is very great since, as I have indicated, the principal cost of its production is for labor, and all of the material used except the burlap, which we import from India, is the product of American labor.

Now, in view of these very important facts, our growers of this country believe that they are entitled to protection and a right to proceed with this industry unmolested, and not be forced to plow up on account of foreign importations.

I have said to you that foreign hops are not necessary for the improvement of the quality of our beer. In exceptional years when the German or Austrian crops are light, and they have only sufficient for their own requirements and are consequently unable to ship any to the United States, the American brewers use American-grown hops exclusively, and no objection is made as to their brewing qualities. In further verification of this fact I have the authority of Dr. W. W. Stockburger, expert of the United States Department of Agriculture, who has made a special study of American and foreign hops, to repeat his opinion on the subject that the indications from his experiments, although as yet incomplete, are that imported hops are not absolutely necessary for the highest class of beer. I have no doubt that if you so desire Doctor Stockburger will be pleased to appear before your honorable body and verify these statements.

It is true that we export quite large quantities of our hops to England, and they are admitted free of duty. I will also inform you that Australia and New Zealand impose a duty of 12 cents per pound on the hops which we ship to those countries. There is only a very limited area adapted for hops in those countries, and they must therefore import most of their requirements. Yet they impose a duty as great as we now have in this country to protect their few growers and their very limited industry, while here in this country where we have sufficient area to supply the whole world with hops we are being forced out of the business because of lack of protection from foreign importations.

It has been said that the European countries will retaliate in the event we increase the duty. That is the contention of all the New York importers. I can not see how Germany or Austria can expect to retaliate, since these countries purchase no hops from us. If they see fit to impose a higher duty in retaliation, we are perfectly willing that they impose a duty of $1 a pound if they so desire. It could not possibly affect us, since we ship no hops to their markets, because their cost of production is less than ours, and they have further fortified themselves against the invasion of foreign hops with a duty of about 7 cents per pound in order to prevent us from shipping into their market our surplus that results from their flooding our market with

their hops. It is positive that England will not retaliate by the imposition of a prohibitive duty, as England is not at all interested in our duty on hops, because she sends no hops to this country whatever. Besides which, England is a free-trade country and she must therefore be consistent in all lines with her general policy. Even though England should impose a duty on hops, she would not be doing any injury to the American Government, but only to our growers personally. So far as the American hop growers are concerned, I can speak for them that they are perfectly willing to take their chances on this score. It is quite evident that the present tariff on hops does not protect, since our growers are becoming bankrupt, and no matter how high a tariff may appear to you we feel justified in appealing to you to have it adjusted so that our great hop-growing industry should suffer no further decline. We believe 24 cents per pound duty will protect our industry, but if it does not, and the importations should continue as large as at present, then our Government has at least been benefited by increased revenue in compensation for the ruination of an industry so hugely important to the United States and a large number of laboring people in this country.

The increase in the tariff can not injure the brewers or the consumer, since the quantity of domestic hops used is only five-eighths of a pound to the barrel and of imported hops only one-half of this quantity, or five-sixteenths of a pound to the barrel; and as a barrel of beer contains about 650 glasses you can readily see how insignificant and infinitesimal is the increased cost to the consumer. The increase would mean not over 5 cents per barrel of 650 glasses, yet if we keep out some of the imported hops it will save our presently declining industry.

Now, gentlemen, in conclusion I wish to emphasize the fact that our growers have suffered immensely the past few years, and the startling condition confronts us that we are constantly plowing up our hop yards while the importation of German and Austrian hops is continually increasing, and therefore it seems absolutely necessary that the Ways and Means Committee should come to the relief of the American grower, otherwise it will eventually revert to the proposition of "the survival of the fittest," and I am indeed sorry for our poor American hop grower and our American laborer if we are compelled to continue in competition with foreign labor.

Mr. UNDERWOOD. What are the importations to foreign countries?

Mr. KLABER. They vary every year. Some years they are high and some years low.

Mr. UNDERWOOD. Give us the average.

Mr. KLABER. Fifty thousand, 60,000, and 70,000 bales.

Mr. UNDERWOOD. How many pounds in a bale?

Mr. KLABER. About 185 or 200 pounds, probably 10,000,000 pounds; something like that, I guess.

Mr. CRUMPACKER. Exported?

Mr. KLABER. Yes, sir.

Mr. CRUMPACKER. Then one-third of the entire production of this country is sent over to compete with the foreign product?

Mr. KLABER. Only to London.

Mr. CRUMPACKER. That is a free market?

Mr. KLABER. Yes, sir.

Mr. CRUMPACKER. You are able to compete with foreign-produced hops, selling one-third of the entire crop there?

Mr. KLABER. We have lost a great deal of money over there, but we had to get rid of the hops in some way.

Mr. HILL. At what price have you sold hops in the last year in London?

Mr. KLABER. As low as 5 cents f. o. b. It costs us 15 cents to raise them.

Mr. HILL. On the Pacific coast?

Mr. KLABER. Yes, sir.

The CHAIRMAN. That is not the usual price?

Mr. KLABER. It has been during the last three years.

Mr. HILL. You stated 15 cents?

Mr. KLABER. That is the cost of production.

Mr. HILL. What is the selling price here?

Mr. KLABER. It averages from 4 cents to 7½ cents a pound.

Mr. CRUMPACKER. There were imported 5,000,000 pounds last year on which the duty was paid?

Mr. KLABER. Yes, sir.

Mr. CRUMPACKER. The price was sufficient to justify the importation?

Mr. KLABER. That is the brewer; he has to have the foreign hops.

Mr. CRUMPACKER. They are necessary?

Mr. KLABER. Yes, sir.

Mr. CRUMPACKER. You would like to have the duty so high as to compel him to use American hops?

Mr. KLABER. Yes, sir.

Mr. CLARK. Here is a sentence in a government document:

The growing of hops in this country was originally confined to New York and New England, but other States are now interested, and California and Oregon raise a most excellent quality of the article, the greater proportion of which is exported.

Is that true or not?

Mr. KLABER. In a measure; yes, sir.

Mr. CLARK. How much does it cost to raise a pound of hops?

Mr. KLABER. Not less than 15 cents.

Mr. CLARK. How much do you get for it?

Mr. KLABER. During the last three years, 5, 6, and 7 cents.

Mr. CLARK. Five, 6, and 7 cents. What is the average—would you say 6 cents?

Mr. KLABER. I can not answer that question positively.

Mr. CLARK. We will take it at 6 cents, and then you get 12 cents duty on top of that; 6 cents plus 12 cents makes 18 cents.

Mr. KLABER. Yes, sir.

The CHAIRMAN. It costs 15 cents and you sell it at 6 cents?

Mr. KLABER. In the last three years we have; yes, sir.

The CHAIRMAN. The price runs up to 50 cents a pound sometimes?

Mr. KLABER. That was in 1882. There has been nothing like that since then.

Mr. CLARK. How does it happen that you export so many hops?

Mr. KLABER. Because we have not a market here.

Mr. CLARK. How much do you get when you export them?

Mr. KLABER. The price fluctuates.

Mr. CLARK. So does the price of everything fluctuate.

Mr. KLABER. But nothing like hops.

Mr. CLARK. Why do you export them?

Mr. KLABER. To get rid of them.

Mr. CLARK. Do you make any money?

Mr. KLABER. No, sir.

Mr. CLARK. Why do you not quit the business?

Mr. KLABER. We have quit; we have reduced the crop one-half.

Mr. CLARK. Can you raise wheat on the same land?

Mr. KLABER. Yes, sir.

Mr. CLARK. Wheat has been selling at $1 a bushel?

Mr. KLABER. Yes, sir.

Mr. CLARK. How long have you been raising hops in Oregon and California?

Mr. KLABER. Thirty years.

Mr. CLARK. Have you been making money all the time?

Mr. KLABER. Not always.

Mr. CLARK. Have you been losing money?

Mr. KLABER. Not all the time.

Mr. CLARK. You are in the hole?

Mr. KLABER. We are at present, absolutely.

Mr. MCCALL. You understand that we export more hops than we import?

Mr. KLABER. Yes, sir.

Mr. MCCALL. Therefore we raise more hops than our entire consumption?

Mr. KLABER. Not this year.

Mr. MCCALL. According to the figures I have here, we raise 10,000,000 more pounds of hops than our entire consumption. What difference would it make if we did double or treble the duty? How would that give you any relief?

Mr. KLABER. It would keep out a large percentage of the imports.

Mr. MCCALL. But the imports are very small, only 5,000,000 pounds?

Mr. KLABER. I think last year the importations were 8,000,000 pounds.

Mr. MCCALL. Which was less than the exports?

Mr. KLABER. Yes, sir.

Mr. CRUMPACKER. The tax valuation is 32 cents a pound, and the tariff added to that would make the hops sell in this market at about 43 cents?

Mr. KLABER. Forty-four cents.

Mr. CRUMPACKER. You are selling them at 5 or 6 cents?

Mr. KLABER. We are compelled to.

Mr. FORDNEY. The hops you sell abroad, what do you get for them in this market?

Mr. KLABER. On an average we get a great deal more than we can sell them for in this market.

Mr. MCCALL. You want to solve this question by compelling the brewers to put more hops into beer?

Mr. KLABER. Yes, sir; if that can be done.

Mr. CLARK. How many pounds of hops are raised to the acre?

Mr. KLABER. In some sections 600 pounds, in some sections 1,500 pounds, in some sections 2,000 pounds, and in some sections 3,000 pounds.

STATEMENT OF MR. E. C. HORST, 215 PINE STREET, SAN FRANCISCO, CAL.

Mr. HORST. I think it will be more in my line to answer questions than to attempt to make any argument.

The position is just this: We raised three years ago 65,000,000 pounds of hops. This last year we raised 38,000,000 pounds, and we are raising less hops in the United States than the United States consumption. While we are plowing up our hops, we are importing them. The first thing to do to stop the further plowing up of hops is to stop imports. We find that the 12 cents duty does not stop the imports. It is just a question whether we are going to continue the imports or continue plowing up the hops, and that is the question for you gentlemen to decide.

The CHAIRMAN. Whenever the brewers want foreign hops, in order to make a certain class of beer, they will pay the duty of 12 cents a pound?

Mr. HORST. Yes, sir; they will; but they will not pay a duty of 24 cents a pound.

The CHAIRMAN. You want to compel them to use American hops?

Mr. HORST. We want to protect the American industry.

The CHAIRMAN. The result would be to compel them to use the American hops. Is not what you really want an absolute prohibition of the importation of hops?

Mr. HORST. We want to protect the American industry. We have built up the American hop industry to a certain extent sufficient to take care of the American consumption. We have been importing foreign hops. For ten years just prior to three years ago the importations amounted on the average to 3,000,000 pounds a year; for the last three years the importations have jumped to 8,000,000 pounds: and during the same time that the 8,000,000 pounds have been imported we have been plowing up our hops. We have increased our importations and decreased our production, and unless you gentlemen come to our relief, we are going to plow up more hops and import more hops.

Mr. FORDNEY. You believe that it is better for the people of this country to produce all the hops consumed here than it is to pay foreign labor to produce them?

Mr. HORST. Exactly.

Mr. FORDNEY. That is all.

Mr. HORST. The hop industry is on its last legs.

Mr. CRUMPACKER. What is the price of imported hops?

Mr. HORST. Forty-four cents.

Mr. CRUMPACKER. And the price of domestic hops?

Mr. HORST. For new hops 8 cents and for old hops 1 cent.

Mr. CRUMPACKER. There is really no competition between domestic and foreign hops, as the consumer will pay four times as much to get the foreign hops?

Mr. HORST. Yes, sir; there is competition, because when the American brewer buys foreign hops he figures that it takes less hops, consequently he considers the ratio of the beer-making properties of the hops.

Mr. CRUMPACKER. There is something in the quality of the foreign hops that the domestic hops do not contain?

Mr. HORST. Absolutely nothing.

Mr. CRUMPACKER. Does not the brewer so believe?

Mr. HORST. Some of them do.

Mr. CRUMPACKER. They pay four times as much for foreign as domestic hops?

Mr. HORST. They are doing it now. If they can crowd us out of the business—now we are tottering—if they can break up our industry——

Mr. CRUMPACKER. Who?

Mr. HORST. The foreigner.

Mr. CRUMPACKER. You can not compete in your own market with them when they charge four times the price that you charge for your hops?

Mr. HORST. There are things that you must take into consideration. Right now is an exceptional time. That is not always the case.

Mr. CRUMPACKER. That has been the case for ten or twelve years, judging from the importations and the ad valorem duties on imported hops and the price. Four years ago the price was 45 cents plus the duty, 57 cents in the port of New York on foreign hops?

Mr. HORST. The importations have never been above 3,000,000 pounds on an average, and they have run down to 1,000,000 pounds.

Mr. CRUMPACKER. It would seem that they have not averaged more than 2,500,000 pounds?

Mr. HORST. They have run down to less than 1,000,000 pounds.

Mr. CRUMPACKER. You want the tax put so high as to prohibit the use of foreign hops and to compel the brewers to use your American hops when, in their judgment, the foreign hops are of a quality better than yours?

Mr. HORST. The position is this, that the imports are increasing, that the production is decreasing, and we are not raising enough hops for our own market.

Mr. CLARK. Would it not simplify matters if you and people like you simply had a law passed that no foreign hops should be imported into the United States?

Mr. HORST. The Government has injured the American hop grower by the pure-food bill.

Mr. CLARK. I do not care anything about what the Government has done. I asked you if it would not simplify matters just simply to pass a law that no foreign hops should be brought into the United States?

Mr. HORST. We do not ask for a law of that sort.

Mr. CLARK. That is practically what you ask for.

Mr. HORST. It would be a good thing to keep the industry going.

Mr. RANDELL. Has there been more or less hops used in the manufacture of beer in the last four years?

Mr. HORST. The consumption of hops has been constant in the last four years; in fact, for the last ten years.

Mr. RANDELL. It has not decreased?

Mr. HORST. No, sir.

I would like to say that America exports and imports hops at the same time, and I would like to explain to you that the hops imported are a different class of hops from the ones exported. The hops exported to England are hops grown in a certain territory, for which

we have no market. England buys those hops. Those hops do not come into competition with the other hops, and if they could be used here we would be a great deal better off than by shipping them abroad.

Mr. FORDNEY. How did the pure-food law affect hops?

Mr. HORST. According to the pure-food law the contents of a bottle must be according to the label. The American brewers have been using American hops for making beer.

The CHAIRMAN. The Netherlands took 15,500,000 pounds of hops and the total exports were only 16,000,000; so the exports to England could not have been more than 1,000,000 pounds?

Mr. HORST. The exports?

The CHAIRMAN. Yes, sir.

Mr. HORST. Excuse me. There never have been any hop exports to the Netherlands since I have been in the business, and I have been in the business twenty-five years. I go to England every year to sell my hops and I think I know something about the hop business. The Netherlands is absolutely no factor in the hop business.

The CHAIRMAN. That is what the government report says.

Mr. HORST. We have an office in London and I do not believe that the Netherlands has imported 500,000 pounds in ten years.

Mr. CLARK. Is it not a fact that the English hop raisers have been quitting business on the ground that they could not compete with the American hops?

Mr. HORST. That is quite right.

Mr. CLARK. If that is so, then how does it happen that you can not compete with them?

Mr. HORST. We are asking you to protect the American industry.

Mr. CLARK. I say if you are running the Englishman out of his hop field in England, what more do you want?

Mr. HORST. England can not raise the crop on account of climatic conditions.

Mr. CLARK. England has been raising a crop ever since the business began?

Mr. HORST. But sometimes a good crop and sometimes a bad crop.

Mr. CLARK. That applies to every country on the earth?

Mr. HORST. Excepting to this country, where we raise a constant crop.

Mr. CLARK. If it does not apply to this country, then you have the advantage over the other countries in raising hops?

Mr. HORST. We have the advantage in the certainty of raising a crop, but not in the price. England may have a crop on the vines on the 15th day of June, and on the 15th day of August when we begin to harvest the crop England may not have any crop at all on account of the pest, consequently England can not stay in the business, whereas in America we are sure of our crop every year.

Mr. CLARK. That gives you a vast advantage over every other hop-raising country on earth?

Mr. HORST. Over England, but not over all the countries. I have heard people talk about the exports and say, "You must be making money." I will tell you gentlemen that I have sold hops on the London market at 3 cents a pound within the last week and I paid 2 cents freight.

Mr. CRUMPACKER. The price of imported hops is 32 cents a pound; add the duty to that, and it would make 44 cents. I understood from the gentleman who preceded you that at the same time American hops were selling at 5 cents to 6 cents a pound. If the brewers are willing to pay 44 cents a pound for foreign hops instead of paying 5 cents or 6 cents a pound for American hops there must be something more than sentiment; there must be money in it or they would not do it. How are we going to exclude the hops even with a 24-cent duty if there is that demand for them?

Mr. HORST. Simply raise the duty to 24 cents. The Government gets the tax and the brewer will not complain.

The CHAIRMAN. We do not care whether or not he complains. Is there any tangible reason for doubling a duty where we export more of the product than we import and the price laid down in New York is five times as much as the price of the American hops in the market here?

Mr. HORST. If we exported the same product that we imported it would be different, but we are exporting one and importing the other. For instance, the German hops can not go into the English market at the same price as the American hops. If we can get the protection that we have asked for we can stay in the business, otherwise we can not.

Mr. FORDNEY. What is the price of hops now?

Mr. HORST. The price of new hops to-day runs from 4 cents minimum to 8 cents maximum. Very few get the maximum price. The bulk are sold at 6 cents. You can get all the old hops you want at 2 cents a pound.

The CHAIRMAN. Old hops are not so valuable; after a year they are of very little value?

Mr. HORST. They are not of much value. When hops are short we use them.

The CHAIRMAN. Hops should be used within the year they are raised in order to get the value?

Mr. HORST. Not necessarily. Some people claim that the hops are better a year old than new.

The CHAIRMAN. The price of old hops is very low as compared with the price of new hops?

Mr. HORST. No, sir; very often old hops are scarce; then old hops bring more money than new hops.

Mr. BOUTELL. Does your brief contain figures as to the cost of labor?

Mr. HORST. No, sir.

Mr. BOUTELL. Who does the hop picking in Washington and Oregon?

Mr. HORST. The whites, with a few Indians.

Mr. BOUTELL. In Oregon and Washington what proportion do the Indians bear to the whites?

Mr. HORST. In Oregon there are no Indians. In Washington the industry has been crowded out and a few whites can pick the entire crop. Washington raised 55,000 bales two years ago and last year only 12,000 bales.

Mr. BOUTELL. I have read some very interesting articles in regard to the Indians camps up there.

Mr. HORST. That was so up to a few years ago. There are now more than enough white people to pick all the hops.

Mr. CRUMPACKER. Do you employ women and children?

Mr. HORST. No, sir.

Mr. CLARK. What State do you especially represent, California or Oregon?

Mr. HORST. I represent them both.

Mr. CLARK. What else could you raise on the same ground?

Mr. HORST. We can raise any other crop on the same ground, but the ground represents $100 for a part of the investment, whereas the entire investment, including the improvements, represents $500, and $400 is the difference between the hop land in bearing and the value of the hop land itself. That represents a difference of $400. Now, we can not raise anything on all the improvements that go to make up the hop crop in bearing. It is the improvements that we are pleading for. We have $400 worth of improvements, and from our standpoint our improvements are rendered absolutely worthless, and those improvements represent four-fifths of our investment.

Mr. CLARK. You claim that you have in California the best climate in the world?

Mr. HORST. Yes; we claim a little. [Laughter.]

Mr. CLARK. You claim that, don't you?

Mr. HORST. Yes, sir.

Mr. CLARK. And you claim that you have the best soil and the best water system in America. Now, is there anything that grows out of the ground in California without being put through this hotbed process of high protective tariff? If there is, I would like to know what it is.

Mr. HORST. How is that?

Mr. CLARK. Is there anything that grows out of the ground that you could raise in California without being supported by this hotbed process of a high protective tariff?

Mr. HORST. Yes. We can raise lots of things—anything that we can consume at home, as for example, alfalfa. We do not have to have protection on that in order to raise it at home. If anybody will give me the cost of the improvements, you bet I will raise alfalfa all right. While you are not protecting us with a sufficient duty on hops you are wiping out four-fifths of our land and improvements, the land representing one-fifth and the improvements four-fifths, and the fact that our crops were cut down two-fifths shows that we have made out a case.

Mr. CLARK. Does that show that the tariff ought to be placed on corn?

Mr. HORST. Let me explain. When we raise hops we plant the crop at least two years before the harvesting of the crop, and we have to put up $400 an acre for the improvements.

The CHAIRMAN. Was there a difference in the acreage between the year 1908, when you produced 38,000,000 pounds, and the year 1907, when you produced 53,000 pounds? The crop per acre did not vary at all, did it?

Mr. HORST. The crop per acre did not vary; no, sir.

The CHAIRMAN. On the contrary, does not the hop crop vary a great deal in the production per acre?

Mr. HORST. It does vary some, but we can figure out approximately what our crop will be when the vine comes out of the ground.

The CHAIRMAN. I know. That does not prove your assertion at all. Some years you raise only 500 pounds to the acre, and some years you raise 2,000 pounds to the acre.

Mr. HORST. We are going to raise a short crop next year, because we know we are going to get nothing for our crop.

The CHAIRMAN. What I am trying to get at is that some years you produce 500 pounds to an acre and some years 2,000 pounds.

Mr. HORST. The variation does not run from 500 to 2,000 pounds on the same piece of land.

The CHAIRMAN. If it is not quite so much as that, it will be at least double?

Mr. HORST. Yes; it may be double on the same piece of land. It is not nature that makes that difference between a production of 500 pounds per acre and the 2,000 pounds. It is the farmer. When the season comes along and I see I am not going to get anything for my crop, I do not bother with it. I do not put in the strings and the racks and the poles. We stint ourselves to see if we can raise our crop for the least possible amount of money, and sometimes we conclude that the hops are not worth picking anyhow.

Mr. UNDERWOOD. What do you use hops for, besides making beer?

Mr. HORST. They use 99½ per cent for making beer and one-half per cent for poultices and yeast.

Mr. UNDERWOOD. The depression in hops has occurred in the last two years?

Mr. HORST. In the last three years.

Mr. UNDERWOOD. In that time has there not been a great reduction in the production of beer in this country?

Mr. HORST. No, sir. The maximum beer production in the United States has been 60,100,000 barrels, and this year it is 57,000,000 barrels. It is simply 3,000,000 barrels short of the maximum and three times what it was twenty years ago.

Mr. UNDERWOOD. If the revenues have fallen off $60,000,000 a year in alcoholic and malt liquors, would not that have an effect on the consumption of hops?

Mr. HORST. I can tell you all about beer, but I can not tell you as to alcohol.

Mr. UNDERWOOD. Can you answer my question?

Mr. HORST. I can tell you about beer, but I can not answer as to alcohol.

Mr. UNDERWOOD. How much has the revenue fallen off on beer?

Mr. HORST. Three million dollars with reference to last year and nothing with reference to two years ago, the year before that.

Mr. UNDERWOOD. Is it not a fact that both on account of panic times and on account of the large number of States in the southern territory going into the prohibition column the consumption of beer has greatly diminished?

Mr. HORST. It has diminished with reference to last year, but it has increased to more than it was three years ago. My figures are for three years, and they show that the reduction of beer has been only in the last year, and the beer sales to-day are bigger than they were last year at the same month. The October sales are bigger this year than they were last year. The thing is on the increase again.

Mr. UNDERWOOD. Do you mean to say that the panic conditions in the country and the large number of States becoming prohibition States have not decreased the amount of beer sold in this country at all?

Mr. HORST. I have given you the exact figures. The things you mention have affected the situation to an insignificant extent. The hop grower does not worry about the prohibition end of it.

Mr. UNDERWOOD. Then, as the importations of hops in this country have fallen off, the fact that the importation of hops was something like 9,500,000 pounds in 1906 and fell over 5,500,000 pounds in 1907. did not that ruin the condition of your trade?

Mr. HORST. No, sir. We get the low price until we get rid of the surplus. The only way to get rid of the surplus is by plowing it and getting rid of the importations.

Mr. UNDERWOOD. Then you think there is nothing that will do your business any good except establishing a prohibitive tariff?

Mr. HORST. No. Twenty-four cents will not be a prohibitive tariff. Some will still come in.

Mr. UNDERWOOD. How much would be a prohibitive tariff?

Mr. HORST. Twenty-four cents would bring us back to the old rate of importation, to 3,000,000 pounds per year, and that we could stand. We have had that for ten years, up to the present stage of low prices. We can stand that, but we do not want to see importations running as they do now, 8,000,000 pounds per year. That crowds us out.

Mr. UNDERWOOD. It has only been one year above 8,000,000 pounds. It has never gone beyond 5,000,000 pounds, except that one year?

Mr. HORST. It was 8,500,000 pounds last year. That is, the fiscal year 1908 it was 8,500,000 pounds.

Mr. BOUTELL. What attempt has been made in this country to raise hops that would take the place of foreign hops?

Mr. HORST. The Government has been giving us assistance in that regard, but we can not afford to go to any considerable expense in following out their suggestions in the present condition of low prices.

Mr. BOUTELL. What would you say, as an expert hop grower, as to our replacing the foreign hops altogether in quality?

Mr. HORST. We can replace them entirely in quality. The chemical analysis of the American and foreign hops will show that our hops will exactly displace the foreign hops. The objection now to the American hops is that it has seeds. We can eliminate the seeds by simply cutting out the male plants, but if we do that we would double the cost of our production, because we would get only half as much from the ground when the hops were without seed as when with seed. We can raise hops without seed by doubling our cost of production.

The CHAIRMAN. If that is all, we will call the next witness.

Mr. CLARK. Wait a moment. We want to get some information out of this man. I want to ask you if these figures do not prove absolutely that the tariff has nothing in the world to do with the amount and quality of hops imported? When the duty was 8 cents there was imported, in 1895, 3,024,067 pounds, and the next year, 1896, 2,736,756 pounds, and the year after that, 1897, 2,993,814 pounds. When the 12-cent rate was put on there was imported, in 1898, 2,317,685 pounds, and in 1899, 1,334,056 pounds, and so on down to 1905, when there was imported 4,321,491 pounds, and in 1906, 9,630,206 pounds, and

in 1907, 5,733,386 pounds. There are more hops imported under the 12-cent tariff than were imported under the 8-cent tariff.

Mr. HORST. Germany and Austria use America as a dumping ground, and if they can get anything for their hops at all they will dump them on us here.

Mr. CLARK. How is it that they have more overproduction under a high tariff than under the lower tariff?

Mr. HORST. Germany and Austria export half of the hops they produce, and most of their exports come to this country, and it is to protect ourselves from these foreign imports that we are asking the old rate of duty. We want to keep ourselves protected from those foreign imports.

The CHAIRMAN. Mr. Horst, you can file a statement.

I have here a statement from the Chief of the Bureau of Plant Industry in the Agricultural Department, which I will read:

The amount of hops used in making a barrel of beer varies in accordance with the personal habits of the brewer. Some brewers state that one-half pound of German hops will go as far as 1½ pounds of American hops. Other brewers, on the other hand, deny this and claim that the American hops are equal in value to the German hops. The question of the relation of hop to beer seems to be largely a psychological one, and one that can not be represented in terms of exactness.

That is from the Chief of the Bureau of Plant Industry.

Now, I will call Mr. William G. Cady, of Syracuse, N. Y.

Mr. CLARK. Mr. Chairman, I would like to inquire if there is anybody in the way of witnesses sitting here who would like to take the other side of this hop question.

The CHAIRMAN. Those are the only two gentlemen on the hop question who have appeared here.

Mr. BOUTELL. Is there anybody representing the brewing industry, or the consumer?

The CHAIRMAN. It seems not. You may proceed, Mr. Cady.

STATEMENT OF MR. WILLIAM G. CADY, OF SYRACUSE, N. Y.

Mr. CADY. Mr. Chairman and gentlemen of the committee, the condition of the salt industry, as it relates to the tariff, is almost identical with what it was when the matter came before this committee ten years ago. I might say I represent the solar salt industry of Syracuse. There are other gentlemen here who represent the salt industry in other parts of the country. The only practical change of the salt industry from ten years ago, from the conditions in 1896, when this matter came before your committee, is that we are now paying a larger canal freight than we were at that time, and we are paying more for labor.

Briefly, we simply ask that the present duty of 8 cents per hundred pounds—that is, \$1.60 a net ton—be retained, and as I understand, there is no one here who appears in opposition to that. At the former hearings, in 1896, some of the importers appeared and asked that salt be still continued on the free list.

Now, the salt is imported, the salt in which I am particularly interested—that is, the solar salt—is imported from the West Indies and from the Mediterranean. The price of that salt in New York to-day would be \$2.75 for West India salt, and \$2.50 for Mediterranean salt.

Mr. Fordney. For how much—a ton or barrel?

Mr. Cady. It is 4½ cents a bushel, a measured bushel, 75 pounds: that would be $1.21 f. o. b. Turks Island, in the West Indies.

Mr. Fordney. One dollar and twenty-one cents a ton?

Mr. Cady. Yes; $1.21 a ton, and the freight would be 5½ cents—that is, the freight and insurance would be 5½ cents, or $1.48 per net ton, making $2.69, and the incidentals would bring it to $2.75. I am now speaking of net tons of 2,000 pounds. Now, add the duty, $1.60 per ton, and that would make from $4.10 to $4.35 for salt delivered along the seaboard, in New York and Boston and Baltimore, and any of those seaport points. They are about the same as to freight rates.

I am speaking now of coarse salt. Our salt that we manufacture costs in the neighborhood of very near $2.80. It exceeds that rather than falls below it. The cost is $1.43 a ton for labor. The labor we employ in the manufacture of salt is an important factor. Some people have an idea that there is not much labor connected with the manufacture of salt. You gentlemen who have been through Syracuse and have seen those sheds will know that that is not the case. We pay our labor 13 shillings a day and give them their house rent, making it an equivalent, as we figure it, of 14 shillings a day. The season is short, from the 1st of March to the 1st of November. The cost per ton for labor would be very close to $1.43. Of course there is a large amount expended for repairs, and apprentices, and horses, and other things that will bring the cost of salt up to $2.80 and over.

Now we have to land that salt in New York by canal. The rate is now from $1.10 to $1.20. The last shipment over the canal we paid 3¼ cents. That would be $1.17 a ton. The canal navigation is available only during certain seasons of the year, and salt is such a bulky article that the jobber or the large consumer can not put very much of it in storage. That is, a thousand bushels of salt, 56,000 pounds, would occupy a space that would be 10 feet by 8 feet. That would be the capacity required to hold it. It would require that to hold a thousand bushels of salt at 56 pounds to the bushel. We can not ship our salt by canal at certain seasons, and the storage charges are very heavy in the cities, and it is only a limited amount that we can ship by canal. The freight rates by rail are $2 a ton. If we ship by canal the cost and transportation make it $3.90. If we ship by rail it is $4.80. In Boston our rates must be all railway rates, and that rate would be $2.40. That would make our salt $5.20, and there it meets the imported salt at from $4.10 to $4.35.

That is the practical situation, so that you gentlemen can readily see that if that duty is interfered with it means we must go out of business.

Mr. Crumpacker. What is solar salt, please?

Mr. Cady. It is made by evaporation in the sun.

Mr. Crumpacker. It is the same in quality as other salt?

Mr. Cady. It is used in packing ice cream and in curing hides and in packing meats.

Mr. Crumpacker. It is a cheaper and a coarser salt?

Mr. Cady. It is not cheaper. It brings, perhaps, the full or, perhaps, a little better price than the salt manufactured by boiling or by artificial heat. It makes a grain anywhere from the size of the kernel of rice up to the size of a walnut.

Mr. Crumpacker. It is not used for table purposes?

Mr. Cady. No, sir; not that. Sometimes it is ground and so used. It might be compared with mine salt.

Mr. Fordney. In its raw state it is a higher grade of salt than that made by steam. By raw state I mean by not being ground.

Mr. Cady. Yes, sir; I think so. It is the size of a large, coarse grain of salt. It dissolves much more slowly than the ground salt. Another use made of it is in keeping meats, and for that purpose they use the diamond seed, about the size of a walnut.

Mr. Fordney. Does Michigan salt come in competition with you?

Mr. Cady. There is a pretty close competition on salt all over the United States. Several gentlemen will follow me on the same subject. Salt is very cheap. We compete with Michigan salt in the Chicago market. There is pretty lively competition. We have plenty of competition here at home, and we do not want any more from abroad. If you will just let us alone, we will try to live.

The Chairman. I see, Mr. Cady, the importations have run about the same amount in the last ten years, or in the last twelve years; that is, an average of about 220,000,000 pounds. Is any portion of that Turks Island salt, or salt made from the sea water?

Mr. Cady. Yes, sir. There was imported into the New York market this year 15,000 tons of West India salt, or Turks Island salt.

The Chairman. The importation, duty paid, was about 220,000,000 pounds a year, and the salt imported for curing fish, on which there is a rebate, was about 108,000,000 pounds a year. I also see that under the Wilson bill the greater portion of the salt coming into this country was free of duty from those countries imposing no duty on our salt, and the importation ran up to 581,000,000 pounds.

Mr. Cady. Yes.

The Chairman. Were you in business then?

Mr. Cady. No, sir. I have been in the business of manufacturing salt eight years. My wife's family, however, have been in it for fifty years.

The Chairman. Some of you were in the business then in 1894 and 1895 and 1896?

Mr. Cady. Oh, yes. I was familiar with the conditions generally at that time.

The Chairman. Did you feel the competition or not at that time?

Mr. Cady. Oh, yes; and during that period we almost felt like abandoning our works. The works were allowed to run down. As a matter of fact, until within the last year we did not get around in shape again.

The Chairman. Recently the State has sold its springs in Syracuse, instead of leasing them, has it not?

Mr. Cady. Yes, sir. The sale has not fully taken effect yet. It was taken over about the 1st of July, but the State is still collecting duty on this salt.

The Chairman. Does that change of ownership lessen the cost, or not?

Mr. Cady. We hope so. We have been paying the State a cent a bushel for many years for the brine they furnished us.

The Chairman. Does the State pump the water, or not?

Mr. Cady. Yes; it pumps the water.

The CHAIRMAN. You get rid of the cent per bushel, and you now pump the water yourselves?

Mr. CADY. Yes, sir; we do it for half a cent.

The CHAIRMAN. That is all.

Mr. HILL. You did not state the cost of salt in England. You gave it here, and the labor cost. What is the labor cost of our chief competitor, Great Britain?

Mr. CADY. That is out of my latitude—refined salt. You will appreciate the fact that the salt that comes into competition with the solar salt is made in the West Indies and on the Mediterranean, in France and Spain, and that is a very cheap class of labor.

Mr. FORDNEY. You do not want the duty removed from salt?

Mr. CADY. No, sir.

Mr. FORDNEY. Do you furnish the steam directly or do you make exhaust steam? You do not boil it?

Mr. CADY. No, sir; the heat of the sun and the wind make our salt.

Mr. FORDNEY. Fuel can not be furnished for that purpose because it is too expensive, and the heat must be made from exhaust steam?

Mr. CADY. I understand in the case of Michign salt that the fuel which they use is the refuse of lumber.

Mr. FORDNEY. I understand the fuel is so high that it must be made from exhaust steam.

Mr. CADY. In Michigan they would not perhaps feel the tariff as much as we do, but if they drive us out of the eastern market by taking off that duty we would be out for any other market, and Michigan would perhaps be one we would go for.

Mr. BOUTELL. What interests, if any, favor the abolition or reduction of this duty?

Mr. CADY. I do not understand that any interest appears in opposition to it. Some ten years ago the importers asked to have it still retained on the free list. I do not understand there is any opposition now. We come here because it is a matter of salvation to us to keep the duty on.

Mr. BOUTELL. Your apprehension is not based on a knowledge that there is a movement on foot for the reduction or abolition of this duty?

Mr. CADY. No, sir. I do not understand that there is now.

Mr. BOUTELL. Who are the largest users of salt from which any opposition would come, if any?

Mr. CADY. The users of salt—of course salt is used in packing ice cream and in dissolving snow from the streets, but I suppose there are not enough of those people that use enough to care much for the decrease. One of the largest ice-cream manufacturers, the largest users of salt, wants the duty to remain as it is.

Mr. FORDNEY. It would not come from the consumer, because the consumer can now buy 300 pounds for a dollar?

Mr. CADY. The consumer will not pay any of this duty whatever. You will not get street-car fares out there any less by reducing the price, although the street-car companies use a great deal of it. You will not get ice cream any cheaper. The salt that is put on the hides will not affect the price of shoes. The duty paid per capita would be about a cent. A family of 6 persons would be supposed to use about 75 pounds of salt. That would be a cent per capita. If we could get 6 cents a bushel for our salt, we would feel happy. We

can not get that price. If you buy it for table or dairy use, the difference in this duty, if it was taken off, would be made up by the middlemen.

Mr. FORDNEY. A laboring man with an average family can buy enough salt now for a dollar to last him a quarter of a century. He is not kicking about the price now, is he?

Mr. CADY. No, sir; he buys a 3-pound sack for 5 cents. The duty on that would make a difference of one-eighth of a cent, possibly, but the consumer, if that was taken off, would pay just as much for that bag of salt.

Mr. CLARK. These parties that you name—do you think they are the principal consumers of salt in the United States—the ice-cream freezers, and the street-car men, and all that?

Mr. CADY. Of the salt that we make, they are.

Mr. CLARK. The salt you make simply goes into the market, along with other people's salt, does it not?

Mr. CADY. Certainly.

Mr. CLARK. What is the reason they can not make salt as cheap in Michigan as you make it in Syracuse?

Mr. CADY. They do make it as cheap, and cheaper. They make a different kind.

Mr. CLARK. I do not understand what Mr. Fordney is kicking about. [Laughter.] If he makes it cheaper than you do, he is in a good fix.

Mr. CADY. He is not kicking. [Laughter.]

Mr. CLARK. Are you a member of the salt trust?

Mr. CADY. No, sir.

Mr. CLARK. Where is that institution located?

Mr. CADY. I do not know that there is such a thing.

Mr. CLARK. These tyrants of salt in Syracuse have been complained of for years.

Mr. CADY. Oh, that is a matter of ancient history. [Laughter.]

Mr. CLARK. It is ancient history that the salt manufacturers of Syracuse are the tyrants of Syracuse. [Laughter.]

Mr. CADY. Up to 1881 and 1882 practically all of the solar salt, and I presume a large amount of salt consumed in the United States was made in Syracuse. Then we produced 9,000,000 bushels. Salt is now produced in every State in the Union, and our production cuts a very small figure. We make in Syracuse about 17,000 tons of salt a year. Of the amount of salt that is produced in the United States that is only about 2 per cent. I think the statistics show that about 6,000,000,000 pounds are produced.

Mr. CLARK. I was asking you if you were a member of the trust.

Mr. CADY. I am not, sir.

Mr. CLARK. Is there an agreement between Brother Fordney's men and your men that you shall hold salt at a definite price in the United States?

Mr. CADY. No, sir. The gentlemen who will follow me are in direct competition. They were finding fault with us yesterday for selling some salt down East for too small a price.

Mr. CLARK. These two gentlemen who are following you are not in competition here to-day as to the effect of this tariff before this committee?

Mr. CADY. No, sir.

Mr. CLARK. You stand together on that proposition?

Mr. CADY. Yes. We want to fight it out here among ourselves.

Mr. CLARK. What does it cost you to make a ton of salt?

Mr. CADY. Two dollars and eighty cents.

Mr. CLARK. How much do you get for it?

Mr. CADY. We make different grades of salt, you know. The salt is graded by simply putting it through screens, making the different grades. In 1907 the average price we received for our crop was 8.32 cents per bushel. That is taken from our books. In 1906 we received 8 cents and a fraction. That amounts to $3.29952 net per ton. It costs to keep up our works and produce a ton $2.90.

Mr. CLARK. Did you not just state that it cost you $2.80, and you now say $2.90?

Mr. CADY. I say, counting in the cost of keeping our works in repair.

Mr. CLARK. You say now, in your revised statement, it costs you $2.90 per ton?

Mr. CADY. Yes; to keep up our capital.

Mr. CLARK. How much do you make?

Mr. CADY. In Syracuse we make about 17,000 net tons.

Mr. CLARK. Salt is the most absolutely necessary article of diet for man and beast, excluding water?

Mr. CADY. Yes, sir.

Mr. CLARK. And it is generally deposited throughout the United States?

Mr. CADY. Yes.

Mr. CLARK. And the reason you claim for this tariff is large discoveries of salt in Kansas and Michigan and out in that country where they can make it cheaper than you can?

Mr. CADY. No; we are not finding fault with domestic competition.

Mr. CLARK. Not finding fault, but the reason you want this tariff is because these people in the West can make salt cheaper than you can make it in Syracuse?

Mr. CADY. No; but because the people of the West Indies do. Salt is very heavy, you know. The freight is very high.

Mr. CLARK. Those Kansas people are nearly as close to the center of population of the United States as you are, are they not?

Mr. CADY. Of course that is true. The local market is the best market for a bulky article of that kind. A thousand bushels of salt occupies a space of 10 by 8 feet and weighs 56,000 pounds. A thousand bushels would be worth approximately $90.

Mr. CLARK. I understood you to say to the committee a while ago that if salt was put on the free list somebody between you and the consumer would gobble up this difference in price in salt, with the tariff and with the free list?

Mr. CADY. I believe that is so.

Mr. CLARK. Who is that that does that remarkable feat all the time with all these things?

Mr. CADY. The middleman.

Mr. CLARK. Is there no way to reduce him to something like reason in his demands?

Mr. CADY. I suppose that is up to your committee. I have no recommendation to make with reference to that.

Mr. FORDNEY. The protection you are asking for is against the 160,000 tons imported, and not the man who produces salt in Michigan or in Kansas?

Mr. CADY. No, sir.

Mr. FORDNEY. Kansas salt is not as good as your salt, is it?

Mr. CADY. No, sir.

Mr. FORDNEY. And the freight cuts a big figure, does it not?

Mr. CADY. Yes.

The CHAIRMAN. Of course the freight cuts a big figure.

Mr. FORDNEY. He will find a market before he gets to Kansas with his product.

The CHAIRMAN. No matter what the duty is, it falls alike on all of them.

Mr. CLARK. If they had not made those discoveries of salt out West you would have to send it to Kansas, would you not?

Mr. CADY. We would supply the demand, if there was a demand.

Mr. CLARK. Certainly. If they can cut off this tariff on salt and devise some scheme ingenious enough to keep these middlemen from absorbing all the difference, then you could compete with these fellows on the other side of the ocean, could you not?

Mr. CADY. We could not compete with them.

Mr. CLARK. You would get the profit then instead of the middleman?

Mr. CADY. He would.

Mr. CLARK. How would he? Two men can not get the same profit.

Mr. HILL. Is it a fact, or is it not, that there is an arrangement among you salt-producing companies for a division of territory?

Mr. CADY. No, sir; there is no such arrangement.

Mr. HILL. Are you not limited to a specific territory?

Mr. CADY. We are not, sir. We send our product to any place that we can sell it.

Mr. HILL. You are not limited in price?

Mr. CADY. No, sir.

Mr. HILL. How about the Michigan Salt Company?

Mr. CADY. I do not know. But the Onondaga salt manufacturers have been a thorn in the side of all these people. If there is a healthy competition on any article in these United States, it is in salt.

Mr. HILL. Do you know of any arrangement among any of the salt companies in the United States for a limitation of sales territory?

Mr. CADY. I do not, sir. The salt comes from Louisiana and Kansas, and——

The CHAIRMAN. You answered that very fully, Mr. Cady. Now, I want to ask you about the price of foreign salt laid down in New York before the duty is paid. What is the price paid there for that salt?

Mr. CADY. I can only give you the price on solar salt, and this I got from an importer the other day. For Turks Island salt $1.21 per net ton f. o. b., and that salt had been bought for 4 cents a bushel of 75 pounds in the West Indies and the Mediterranean.

The CHAIRMAN. That is the only price that you have?

Mr. CADY. Yes; this year.

The CHAIRMAN. That is the highest-priced article of salt that is imported, is it not?

Mr. CADY. That grade of salt, you mean?

The CHAIRMAN. Yes.

Mr. CADY. I think not. The refined salt has a higher price.

The CHAIRMAN. The Government reports show for the last fifteen years imported salt in New York was 10 cents a hundred. It has not varied at all, according to the reports.

Mr. CADY. You mean the duty paid, 10 cents?

The CHAIRMAN. Oh, no. The price of the salt, 10 cents a hundred.

Mr. CADY. The imports from Liverpool of English salt enter largely into those figures.

The CHAIRMAN. I mean salt in bulk.

Mr. CADY. That is on account of the mine salt imported from England.

The CHAIRMAN. That is higher, from 30 to 40 cents.

Mr. CADY. These figures that I have given to-day are really recent, because I got them only a few days ago from a reliable importer.

The CHAIRMAN. You say $1.20 a hundred?

Mr. CADY. One dollar and twenty cents a ton of 2,000 pounds.

The CHAIRMAN. That would be 6 cents a hundred?

Mr. CADY. Yes; 6 cents a hundred.

The CHAIRMAN. Then the duty cuts no figure on that Turks Island salt. The duty is only 8 cents a hundred. Is that with the duty?

Mr. CADY. No; that is without the duty.

The CHAIRMAN. Then the duty of 8 cents a hundred would not cut much figure on that, the duty is so much smaller than the difference in price between that salt and yours.

Mr. CADY. Yes.

The CHAIRMAN. I wish, Mr. Cady, you would obtain for the use of the committee, and send it to us, a statement of the average price of imported salt of the different grades in New York City.

Mr. CADY. For what period?

The CHAIRMAN. For the last five years.

Mr. CADY. I will do it. How much time will I have in which to file that? How soon would you wish that to be filed?

The CHAIRMAN. Until the 4th of December.

Mr. GRIGGS. Did I understand you to say the cost of production of salt at Syracuse was $2.90 a ton?

Mr. CADY. I made that as a conservative figure.

Mr. GRIGGS. That is, on the cars?

Mr. CADY. Yes; I think that would be perhaps right.

Mr. GRIGGS. Did I understand you to say further that you got $2.995?

Mr. CADY. $2.995 is for the average crop.

Mr. GRIGGS. And you make 17,000 tons?

Mr. CADY. Yes.

Mr. GRIGGS. Do you know how much return that would be in profit?

Mr. CADY. I do not.

Mr. GRIGGS. It would be about $1,600, would it not?

Mr. CADY. I know one manufacturer there who made $80. I am giving you the figures of last year. During the last two years we have had a short crop and have made hardly any money at all. We are living in hope, and hoping for a better market. We have not been making any money in salt for several years.

Mr. GRIGGS. Not even with the tariff?

Mr. CADY. No, sir; not for several years past.

Mr. GRIGGS. Do you ask us to increase the tariff on salt?

Mr. CADY. No, sir. We are simply willing to take our chances on the improvement in the conditions. That is, the conditions with respect to the sale of salt are affected by the general conditions of the country. It goes into a great many things. We have to make a certain amount of salt and have to dispose of it because we can not keep it from year to year. When we start to make it we have to go on and can not shut down, and the salt is so bulky that we can not store it. If the country is prosperous there will be perhaps more ice cream sold, and that takes a large amount of our salt. And if there is a larger demand we get better prices, and if there is not a demand we have to force the sale of it, as we have done in the last few years.

Mr. UNDERWOOD. You stated to the chairman when you started to testify that you recollected the depression in the salt industry under the Wilson bill, as I understand you?

Mr. CADY. Yes, sir.

Mr. UNDERWOOD. What was that caused by? Do you attribute it to the Wilson bill or to some other cause?

Mr. CADY. We attributed it to the importation of salt meeting our salt and driving it out of the market.

Mr. UNDERWOOD. I see the Wilson bill was enacted in 1904 and repealed in 1907.

The CHAIRMAN. You mean 1894. The Wilson bill was enacted in 1894.

Mr. UNDERWOOD. Yes. I see the importations for 1895 were 12,000,000 pounds, and for 1896 572,000 pounds, and for 1897 487,000 pounds.

The CHAIRMAN. That is dutiable salt. If you will turn to the top of the next page you will see the importations of free salt under the Wilson bill.

Mr. CADY. Mr. Underwood, if you will excuse me, the salt industry I spoke of is the solar salt industry. Those figures of importation relate very largely to fine salt, or to the fine and solar together. Now, I can not speak of its effect on the fine salt industry, but I do know of the condition we were in at that time—although I was not then engaged in the business—its effect upon the solar salt industry.

Mr. UNDERWOOD. As a matter of fact, your duty to-day is practically prohibitive, is it not?

Mr. CADY. No, indeed.

Mr. UNDERWOOD. The importations of salt into this country amount only to 5 per cent of the product in the United States, do they not?

Mr. CADY. I do not think you have any figures to base a comparison upon. I do not want to take up the time of those who desire to follow me. But in our State there is the Solvay Process Company, which produces, roughly speaking, 200,000 pounds of salt. It is not used for salt at all. It goes into the manufacture of sodium and chemicals of that sort. There is another manufacturer in that line in Detroit, and I presume that fact is true of the other uses for salt.

Mr. UNDERWOOD. Here is what I want to call your attention to: These statistics, as given to us here by the department, show that there are 22,000,000 barrels of salt manufactured in this country at 280 pounds a barrel. That is 6,160,000 pounds produced in the United

States. Now the importations shown by the figures amount to only 330,000,000 pounds. That is 5 per cent of the production, or about that.

Mr. Cady. I can not figure it here now.

Mr. Underwood. The exportations of salt, as shown by these figures, amount to 64,000,000 of pounds, which is 20 per cent of the importations.

Mr. Cady. Exportations of salt from this country?

Mr. Underwood. Yes.

Mr. Cady. Well, that goes to Cuba, and perhaps Mexico, and it is the result of freight conditions; and I think that goes largely to Louisiana.

Mr. Underwood. Then, as a matter of fact, the salt industry in this country is enabled to export into a free market twice as much salt as is imported into our market.

Mr. Cady. That may be true, but if true, it is the result of freight conditions.

Mr. Underwood. The ad valorem on bulk salt amounts to 90 per cent, does it not?

Mr. Cady. I can not tell you. You have the facts here.

Mr. Underwood. Under the circumstances, do you not consider this duty practically a prohibitive duty on salt, when only 5 per cent is exported?

Mr. Cady. Not so far as relates to that which I represent here, the solar salt; certainly not.

Mr. Underwood. Then your proposition comes down to this, Mr. Witness, as I understand it: What you want is protection, and under your contention the freight rates protect the salt manufacturer in the interior?

Mr. Cady. To a certain extent, yes.

Mr. Underwood. And the foreign producer could not compete in that market with free salt?

Mr. Clay. The foreign producer or importer could send salt up the canal to Syracuse cheaper than we can send it from Syracuse to New York, and the freight is about one-half going west of what it is going east.

Mr. Underwood. Then, it is purely local protection that you desire protection for?

Mr. Cady. Yes, sir.

Mr. Underwood. And you think we should maintain this high ad valorem duty to protect the salt industry that is not located advantageously to the market?

Mr. Cady. It is located advantageously to the market. We are entitled to protection. We are helping to support others who are being protected. I believe in protection. I do not know whether you do or not, Mr. Underwood.

Mr. Griggs. You do not pay a cent on salt. You do not pay any of the duty on salt.

Mr. Clay. I do not know that we did.

Mr. Griggs. I do. I mean high-grade salt, for table use.

Mr. Underwood. The revenues derived from salt amount only to $207,000,000.

Mr. Hill. Two hundred and seven thousand dollars.

Mr. UNDERWOOD. Yes; $207,000, not millions. Do you think a reduction of this duty——

The CHAIRMAN. Mr. Underwood, do you think his opinion is so valuable on these policies as would justify a delay? I ask because we have heard four gentlemen in two hours, and there are about forty other gentlemen here waiting to be heard.

Mr. CLARK. If we can get the information out of this man, we will not have to get it out of the next ones. [Laughter.]

The CHAIRMAN. He is simply asking about a policy.

Mr. CADY. I have just reminded the committee of the matter, and I have nothing further to say.

Mr. GRIGGS. Mr. Chairman, he is a voluntary witness. We ought to assume, out of respect for him, that he knows what he is talking about.

The CHAIRMAN. I have no objection to any question that the committee may want to ask. I think about 8 o'clock to-night I shall be alone and shall proceed a great deal faster, and there will not be so many questions. [Laughter.] Take your own time now, gentlemen.

Mr. BOUTELL. I can tell the chairman that he will not be alone. [Laughter.]

Mr. FORDNEY. The chairman asked first of imported salt. Statistics show here that 165,000 tons were imported last year at $2.87 a ton, and on salt in bulk the duty is 8 cents a hundred pounds, $1.60 a ton.

Mr. CADY. That is pretty close to the figures I gave.

Mr. FORDNEY. That is salt in bulk?

Mr. CADY. Yes; that is pretty close to the figures I have given.

STATEMENT OF MR. M. B. FULLER, OF SCRANTON, PA., REPRESENTING THE INTERNATIONAL SALT COMPANY, OF NEW YORK.

Mr. GRIGGS. Mr. Chairman, will you permit me to suggest that you want to save time?

The CHAIRMAN. Yes. Before you commence, Mr. Fuller, I want to ask if there is any other gentleman in the room who desires to be heard in favor of the reduction of this duty. If so, we will hear him now. If not, you may proceed, Mr. Fuller.

Mr. FULLER. Mr. Chairman and gentlemen, there are only a few points that I would like to bring up in this matter, and the details I would like to file in a brief. It is an important matter that the present duty on salt be retained for the protection of the American salt industry, because, as Mr. Cady has said, the salt production in Turks Island and the West Indies and the Mediterranean ports, if the duty was taken off, would come in and absolutely take up all the salt business at the seaport towns in this country, and we would also be in competition with European refined salt. We are now in competition with that business, and if the duty was taken off we could not do any business at the seaport towns or in the territory near the seaport towns. The foreign producers all have advantages over us in freight rates. I believe the ruling rate on English salt to this country is about $1.25 a ton. It has been brought over here for nothing, and it can very frequently be brought over for 25 cents a ton, because

the vessels are very glad to get the freight as ballast when the other freights are light.

The last report I have shows about 156,000 tons of salt imported into this country annually. Approximately 50 per cent of that salt pays no duty now. All the salt that goes to Gloucester, Mass., to the fisheries there, which is about 50,000 tons, pays no duty, and there is about 25,000 tons, as near as I can find out, used on meats that are exported, on which there is a drawback, so that really there is only about 75,000 tons of salt imported into this country that is paying duty now. Why they do not pay duty on the fishing salt I do not know, but I think the salt was put on the free list to encourage the fishing industry.

Mr. FORDNEY. It was not on the free list. All export fish would get the drawback.

Mr. FULLER. Yes; but all salt that comes into this country for fish, whether the fish is exported or not, is free.

Mr. UNDERWOOD. Do you think that should be changed?

Mr. FULLER. I do not know——

Mr. UNDERWOOD. You think that the fisherman ought to have his salt free, but the man who feeds cattle in the West ought to pay duty on his salt?

Mr. FULLER. Really I do not know why that salt was allowed to come in free.

The CHAIRMAN. Do you not think this duty could be reduced, and the salt still be protected?

Mr. FULLER. I do not; no.

The CHAIRMAN. You think that you need 90 per cent on salt in bulk? That is equivalent to an ad valorem of 80 cents a hundred.

Mr. FULLER. If the duty on salt is reduced even, there is only, I think, about 30 cents advantage now in our favor.

The CHAIRMAN. What do you say the import price of salt is, laid down in New York?

Mr. FULLER. In bulk, the Turks Island salt—the last vessel that came in—was \$4.35 to \$4.50 a ton, laid down in New York.

Mr. GRIGGS. And yet you can make it for \$2.80 a ton?

Mr. FULLER. Yes, sir; we can make it at \$2.80 a ton; but we have to pay \$2.40 freight rate.

The CHAIRMAN. Let us find out about that price. Is that duty paid?

Mr. FULLER. Duty paid, between \$4.35 and \$4.50 net ton, laid down in New York.

Mr. GRIGGS. But do they not have to pay a freight rate from New York?

Mr. FULLER. Do you mean from New York into the interior?

Mr. GRIGGS. Yes.

Mr. FULLER. Oh, yes.

The CHAIRMAN. Is that Turks Island salt?

Mr. FULLER. Yes, sir.

The CHAIRMAN. That brings a higher price, does it not?

Mr. FULLER. No; I think not.

The CHAIRMAN. Not in the market?

Mr. FULLER. No, sir.

The CHAIRMAN. It used to.

Mr. FULLER. It does in some cases, but in general, no.

The CHAIRMAN. It did when I was a boy.

Mr. GRIGGS. You want to make a market out from New York?

Mr. FULLER. Not necessarily, but New York City is a seaport town, as is Boston, Philadelphia, and the southern ports, Savannah, Norfolk; all those places.

Mr. GRIGGS. And yet it costs $4 for delivery there?

Mr. FULLER. The salt, the duty, the freight, and everything; we can not produce our salt and get there.

Mr. UNDERWOOD. In other words, you want to take the seaport market where the freight rates are most advantageous to the importer, and you fix that as the basis on which you wish to recommend your tariff duties?

Mr. FULLER. I simply take the seaport towns because, as a rule, near those towns the market is very large; New York and Philadelphia have a large market—that is, right near New York and right near Philadelphia. It costs us $2.40 a ton to get there.

Mr. UNDERWOOD. And when you go west——

Mr. FULLER. Of course the freights make a decrease in our favor and an increase against the importer; then we have the advantage.

Mr. UNDERWOOD. You make a very large profit on your salt when you go into the interior where the freight rates amount to as much to him as to you?

Mr. FULLER. I do not think we do.

Mr. UNDERWOOD. Can you make the full extent of the duty when you go into the interior?

Mr. FULLER. Not nearly.

Mr. UNDERWOOD. You figure here that it costs you, in betterments, maintenance of your factories, and all, $2.80 a ton f. o. b. car, and you take it on the foreign salt, landing in New York, at $4.40 a ton, which means a cost to him of $2.80 a car f. o. b. New York. Now, outside of the freight rate, it does not seem to me that there is any difference per ton.

Mr. FULLER. I do not quite understand what you mean by "outside of the freight rate."

Mr. UNDERWOOD. Here is the proposition. You state that it costs you $2.80 a ton at your factory f. o. b. car, and you say that the foreign salt is laid down in New York at $4.40 a ton with the duty added. Deducting the duty, that lays the foreign salt down in New York at $2.80, does it not?

Mr. FULLER. Yes, sir.

Mr. UNDERWOOD. The only difference, then, between your salt at the factory and the foreign salt in New York is the freight rate?

Mr. FULLER. There is a difference, that he has his salt right there where it is going to be consumed.

Mr. UNDERWOOD. While on your side you have your salt where he has to pay duty in order to get there?

Mr. FULLER. There is not a plant located where they have a freight rate of less than 5 cents a hundred pounds.

Mr. UNDERWOOD. In other words, you are trying to have a protective tariff amount to 90 per cent duty, and maintain a differential on freight?

Mr. FULLER. Not that much; I would not say that.

Mr. UNDERWOOD. But according to your own figures.

Mr. FULLER. According to your figures, yes; that is what it means. What we want is to have the duty maintained. If you take off the duty upon salt, it will cripple the industry in this country very materially, and it will not be limited to seaport towns; for instance, they could bring salt to New York, Turks Island salt, and lay it down for $4.40 a ton. They can ship it to Buffalo by boat, and from there to Chicago and compete. They can ship it to Chicago practically as cheaply as we can from our producing point in New York State.

Mr. UNDERWOOD. It is the freight rate that you complain about, and you want the duty to protect you on the differential on the freight rate?

Mr. FULLER. I am not complaining about the freight rate, but in view of the present freight rate we must have the duty to protect us on the seaport towns.

Mr. GRIGGS. Did I understand you to say that the freight rate is 5 cents a pound or a hundred pounds?

Mr. FULLER. One hundred pounds.

Mr. GRIGGS. That is a dollar a ton?

Mr. FULLER. The rate is 12 cents a hundred pounds.

Mr. GRIGGS. That is, you get the difference between a dollar a ton and $2.50 a ton?

Mr. FULLER. The rate to New York is $4.40. I said that there was not a place to which we could ship salt where it is consumed for a less rate than 5 cents a hundred pounds.

Mr. GRIGGS. What is the highest freight rate?

Mr. FULLER. That would depend upon where you wanted to go. In the market that I am interested in the highest freight rate where there is any consumption to speak of is $2.80 a ton.

Mr. GRIGGS. To what place is that?

Mr. FULLER. To Boston; from the point where we ship from to Boston.

Mr. CLARK. When you talk about a ton you mean a 2,000-pound ton, not the long ton, 2,240 pounds?

Mr. FULLER. No; the 2,000-pound ton.

Mr. CLARK. Where are you from?

Mr. FULLER. Scranton.

Mr. CLARK. How does it happen that you make salt at precisely the same number of dollars and cents a ton that they do in Syracuse?

Mr. FULLER. I did not say that we did.

Mr. CLARK. But what you said and what the other gentlemen have said would lead us to form that conclusion.

Mr. FULLER. Oh, no. Nobody asked me what the price of salt was, and I have not come to that point yet.

Mr. CLARK. I asked you if it was $2.80 a ton f. o. b.

Mr. FULLER. I misunderstood the question, then; I did not intend to say that.

Mr. CLARK. Then how much is it?

Mr. FULLER. It costs us approximately $2.50 a ton to produce.

Mr. CLARK. You have 30 cents advantage, then, over the Syracuse factory?

Mr. FULLER. The salt is entirely different. The salt that I am talking about and the salt he manufactures really do not compete. We have the fine evaporated salt.

Mr. CLARK. Is your salt the fine evaporated salt?

Mr. FULLER. Yes, sir.

Mr. CLARK. Is his fine, evaporated salt?

Mr. FULLER. I do not call it so; no.

Mr. DALZELL. What is his salt?

Mr. FULLER. Solar salt.

Mr. LONGWORTH. But he stated that he was in direct competition with you—that is, two or three witnesses were all in direct competition with each other.

Mr. FULLER. He is not in competition with Mr. Brown. He is producing mined salt. Mr. Brown is to talk on the mined salt question. That is coarse, commercial salt. The International Salt Company of New York produces fine, evaporated salt.

The CHAIRMAN. Is this what it costs to make the salt in bulk, $2.50 per ton?

Mr. FULLER. Yes, sir; that is the common grade of salt; $2.50 per ton.

Mr. CLARK. You live in Scranton, do you?

Mr. FULLER. Yes, sir.

Mr. CLARK. What makes you keep talking all the time about sending salt to New York, Boston, and Philadelphia? Is there not a salt market anywhere outside of the north Atlantic seaports?

Mr. FULLER. Oh, yes; there is a market for our product through the Eastern States.

Mr. CLARK. Why do you not send some of it out West?

Mr. FULLER. We can not get out.

Mr. CLARK. What is the reason?

Mr. FULLER. The salt that is produced in the western market, in Ohio, Michigan, Kansas, and in Texas, get all of that trade going out and can not reach that territory on the freight rate.

Mr. CLARK. You can get as far as Pittsburg only?

Mr. FULLER. We can not get in Pittsburg and compete with the salt made in Ohio.

Mr. CLARK. And you have to ship yours east?

Mr. FULLER. We practically ship no salt west of Buffalo.

Mr. FORDNEY. Salt is made in 12 States of the Union.

Mr. CLARK. I know it is made in a good many of them and could be made in a whole lot more.

Mr. GAINES. Is not the price of salt so small now that even if the duty were added to the price it would make very little difference in the cost to the ultimate consumer?

Mr. FULLER. To the consumer it would make no difference.

Mr. GAINES. In what shape do people generally buy salt for consumption in the household?

Mr. FULLER. Well, usually in small bags, the 3-pound product.

Mr. GAINES. If the duty were added, would that make any appreciable difference in the price of those bags?

Mr. FULLER. Well, it is almost infinitesimal. It would not make any difference in price to the consumer; no, sir. He would pay 5 cents a bag for the salt whether there was a duty of $1.60 or not.

Mr. GAINES. What does salt cost to the packers in Chicago, we will say, by the ton?

Mr. FULLER. Most of the packers in Chicago now are buying salt at a pretty low price; I think it is about $1.75 at the point of production. That would be about $3.75 for us.

Mr. GRIGGS. And yet it costs $2.80 to make it?

Mr. FULLER. That is not evaporated salt that I am talking about; it is mined salt.

Mr. GAINES. I mean the kind used in packing; I am talking about curing of hams.

Mr. FULLER. That is all coarse commercial salt, mined salt.

Mr. GAINES. Have you any idea how much salt is used in curing a ham?

Mr. FULLER. No, I have not; I could not say.

Mr. GRIGGS. But you could tell for a whole hog?

Mr. FULLER. I do not believe I could. I could not give that offhand, but I can get those figures.

Mr. GAINES. Let us have it, upon a ham weighing, say, 10 pounds.

Mr. GRIGGS. And what is that worth?

Mr. FULLER. Well, 10 pounds of salt would be worth not quite 2 cents—I do not think it would be worth that much—two-tenths of a cent, is it not?

Mr. GRIGGS. I don't know, and am asking you.

Mr. CLARK. How much does a barrel of salt cost? That is the way it is usually sold. What is the wholesale price of a barrel of salt?

Mr. FULLER. They, as a rule, buy it by the ton.

Mr. CLARK. Mr. Gaines was asking you about 5-cent salt bags. That is not the way the salt is put up to any considerable extent.

Mr. FULLER. But there is quite a large sale of that.

Mr. CLARK. Absolutely there is, but relatively it is a small amount. How much does a barrel of salt cost, such as a groceryman will sell out in the country?

The CHAIRMAN. Yes; salt in the barrel. How much is that?

Mr. FULLER. Any package in it?

Mr. CLARK. No package in it, but the cost of a barrel of salt.

Mr. FULLER. Why, you will understand, we take salt in a small bag and we put a certain number of those bags, depending upon the size, in a barrel. Do you mean that way, or in bulk?

The CHAIRMAN. Do you pack salt in barrels?

Mr. FULLER. Yes, sir.

The CHAIRMAN. Then can you answer the question: How much does a barrel of salt, packed in a barrel, barrel and all, cost?

Mr. GAINES. Bulk salt; not in bags.

The CHAIRMAN. Never mind about the bulk salt, but answer the question. Do you sell it that way?

Mr. FULLER. Yes, we do; but my figures are based upon tonnage. It costs between 65 and 70 cents a barrel.

Mr. CLARK. If the tariff was taken off, how much would it cost?

Mr. FULLER. It would not cost any less.

Mr. CLARK. Why would it not cost any less?

Mr. FULLER. Because the tariff on a barrel of salt is infinitesimal, and it would not make any difference.

Mr. CLARK. Would it not make 5 cents difference?

Mr. FULLER. As I tell you, I never figure it down on that basis. The only effect that would be had in taking the tariff off would be to allow the foreign salt to come in and drive our salt back and reduce our consumption.

Mr. GRIGGS. A large amount of salt is sold in sacks?

Mr. FULLER. Yes, sir.

The CHAIRMAN. How many pounds in a bag?

Mr. FULLER. Two hundred and eighty pounds.

The CHAIRMAN. And the tariff is 8 cents a hundred pounds?

Mr. FULLER. Yes, sir.

Mr. CLARK. That is 24 cents a bag, is it not?

Mr. FULLER. Twenty-four cents a barrel.

Mr. CLARK. That is what I was trying to get at.

Mr. GRIGGS. And $2.40 in addition to that.

Mr. CLARK. If the tariff was taken off of salt, and there could be a way devised to keep the middleman from absorbing all the profits, then the man who buys a barrel of salt on the farm would get it for about 20 to 24 cents a barrel cheaper than now?

Mr. FULLER. No, sir.

Mr. CLARK. And you would make the same money as now?

Mr. FULLER. No, sir; we would not.

Mr. CLARK. Why would he not get it 24 cents cheaper, if there was 280 pounds of salt in the barrel?

Mr. FULLER. The tariff would not affect the man in the country.

Mr. CLARK. Why?

Mr. FULLER. Because the foreign salt could not get in there.

Mr. CLARK. But your salt would get in.

Mr. FULLER. We would not reduce on our salt.

Mr. CLARK. Why not, if the foreign salt could come in and undersell you if you did not cut the price down?

Mr. FULLER. I am trying to tell you about foreign salt. Unless the man on the farm lived near the seacoast the tariff would not affect him one way or the other; it would not protect the price of his salt. He would have to be in the neighborhood of a place where the salt is laid down to get the benefit of it.

Mr. CLARK. If you are going to get the same price, tariff or no tariff, what do you care about the tariff?

Mr. FULLER. It affects our tonnage so much that we do not want the foreign salt to come into the seaports and cut down that tonnage.

Mr. FORDNEY. Isn't it true that salt is so cheap that it is cheaper to the consumer than mineral water is?

Mr. FULLER. I do not know anything about mineral water.

Mr. CLARK. The average consumer does not drink mineral water.

STATEMENT OF MR. EDWARD W. BROWN, OF 23 BEAVER STREET, NEW YORK, REPRESENTING THE STERLING SALT COMPANY.

Mr. BROWN. Mr. Chairman and gentlemen, I represent the Sterling Salt Company, of New York.

Our works are located at Cuylerville, Livingston County, N. Y., 30 miles south of Rochester. I appear to respectfully request that no change be made in the existing tariff on salt.

This company employs upward of 200 men and our wage average is $2.03 per day, a considerable part of our force being skilled or semiskilled labor.

The product of this company is a coarse salt. It is used very extensively for the manufacture of chemicals, for the manufacture of ice cream, the various uses of the packing houses, salting fish, making brine or pickle for any purpose, and for many other uses.

More than two-thirds of our product is shipped into New England, New York, Pennsylvania, Virginia, and Maryland. The balance is shipped to Chicago and other points west and southwest.

Our principal markets in the States enumerated are the large seaport cities, including Boston, Providence, New Haven, New York. Philadelphia, and Baltimore.

The imported salts which compete most directly with our product are the coarse solar grades shipped from the West Indies and from the Mediterranean ports of Italy, Spain, and Portugal. In both of these sections cheap negro or native labor is employed and the hot tropical climate materially assists to produce a very cheap but satisfactory grade of salt.

I have not exact figures to show the cost of labor at these points. but it does not exceed 60 or 65 cents per day, or less than one-third of the cost of our labor. As approximately three-fourths of the cost of salt is labor, the great advantage of the foreign producer is apparent.

The unit of measure used in this paper is a ton of 2,000 pounds.

The average freight from the West Indies to New York, Boston. Philadelphia, or Norfolk does not exceed $1.65 per ton. The lowest freight rate in effect from Cuylerville, N. Y., where our works are located, to Philadelphia or Baltimore is $2.40 per ton; to New Haven. Providence, Boston, and Gloucester, $2.80 per ton. The lowest rail rate to New York City is $2.40 per ton, but during the open season of the Erie Canal we have been able to get a part of our salt to New York City at an expense of $2.20 per ton, which would make our average freight to New York City about $2.30 per ton.

You will therefore see that to the principal Atlantic coast ports our foreign competitor has an advantage in freight varying from 65 cents to $1.15 per ton.

During the past two years the average cost of coarse salt from the West Indies or the Mediterranean has not exceeded $3.20 per ton c. i. f. Philadelphia, New York, or Boston.

There is now in transit from the Island of Bonnaire, destined for Boston, a cargo of very high-grade salt, which will cost c. i. f. Boston less than $2.75 per ton. As our lowest freight rate to that point is $2.80 per ton, how can we be expected to compete if the duty is removed or materially lowered?

Mr. NEEDHAM. What do you mean by c. i. f.?

Mr. BROWN. Cost, insurance, and freight; everything but the duty.

Mr. CLARK. Are all the salt factories in Europe located on the seacoast—those that export to this country?

Mr. BROWN. Yes, sir.

Mr. CLARK. You know that, do you?

Mr. BROWN. I do. In England the fine salt works, which I am not an expert on, are located at Cheshire, about 12 miles from Liverpool, on the River Mersey. The salt companies own their own barges, they load the salt on the barge and take it to Liverpool at a trifling cost, so that they are practically on the seacoast. The producers who come in competition with us are located along the different ports of the Mediterranean, in Spain, Italy, and Sicily, and some in Portugal. However, I have never been there. My firm understanding is that they are located directly on the water.

Mr. CLARK. Isn't it a very peculiar geographical and topographical fact that none of the American salt wells are located on the seacoast, while all of the salt wells of Europe are?

Mr. BROWN. The Mediterranean ports do not use wells; they use the sea water. The Mediterranean Sea is very salty. They draw this water into lagoons, dam them up, and the hot, tropical sun assists very materially in evaporating the salt. It is solar salt, of the same nature as that made at Syracuse.

Mr. GRIGGS. Is it not the same way in Utah?

Mr. BROWN. There are salt producers in Utah; yes.

The CHAIRMAN. The salt mines of Louisiana are located at the mouth of the Mississippi River.

Mr. BROWN. Now, here is the point that I would like very much to bring out: For many years past the tariff law has contained a proviso that salt for the use of the coast fisheries shall be free of duty. What is the result?

For the past fifteen or twenty years, except under very exceptional and unusual conditions, not one pound of American salt has been used by any of the large fisheries located at Gloucester and other New England ports.

We do not ask that this proviso be rescinded, because we believe that the advantage the foreign salt has in freights would enable our competitors to undersell us at these fishing points, even if there were a duty on salt, and we are not here to advocate any measure that will tend to increase the cost of our commodity to any class of consumers, particularly when such increase would not materially benefit the salt producers in this country.

On the Erie Canal the balance of traffic is east bound. The canal boats returning to Buffalo are willing at times to accept cargoes at almost nominal rates, so that imported salt can be loaded into a canal boat in New York City and carried to Buffalo at a very small cost, and Buffalo is our most important distributing point.

Our works are only 60 miles from Buffalo, yet there have been many opportunities in recent years when it has been possible to bring salt from Liverpool to New York as ballast at 1 shilling per ton freight, transfer it to a canal boat at New York, and land it at Buffalo, 3,500 miles away, at a lower transportation cost than the freight from Cuylerville to Buffalo, and Buffalo is one of the main distributing markets for the West.

I do not want to be understood as meaning that this is a feasible business proposition, but it is a possibility.

I might concede that under normal conditions we do not fear any disastrous competition with foreign salt at inland points, but at all of the coast ports enumerated, as well as at Springfield, Hartford, Newark, Trenton, Washington, Richmond, and other points tributary to the coast, any reduction in the tariff would result in curtailing our sales and seriously affecting our profits.

I believe that there is no demand by the large consumers of salt or by the public, for any reduction in the tariff on salt, and I furthermore firmly believe that a reduction in the tariff would not to the slightest degree benefit any of the consumers of salt, with some few trifling exceptions.

Outside of the large industries, the great mass of the people purchase salt in bags varying from the small pocket of 2 or 3 pounds up to bags of 10 or 14 pounds.

If the entire benefit was derived from the reduction of the whole duty of 8 cents per hundred pounds the reduction in the cost of a 10-pound packet would be less than 1 cent. This small amount would be absorbed by the various jobbers or grocers, wholesale and retail, who must handle the salt, and it is most unlikely that the consumer would benefit a particle.

Very moderate prices have been in effect. There is no complaint regarding the price of salt, and the prevailing price of this commodity is not a tax on anyone.

Mr. CLARK. Do you not think that you might be induced to increase the size of the bag a little?

Mr. BROWN. The domestic producer of this salt, if he has to sell the salt at the present prices, can not continue to increase the size of the bag.

The tabulated statement recently issued by the United States Government shows that for the past ten years under the present tariff law the production of salt has steadily increased, while the value per ton has steadily decreased.

There is an abundant supply of salt in this country for our needs, and salt deposits are so distributed throughout the country that salt never can become a monopoly, and the public are assured of reasonable prices, provided the domestic manufacturer is given a reasonable opportunity to keep his works in operation.

The Government statistics show that the total production of salt in this country in 1907 amounted to 29,704,128 barrels of 280 pounds each, equal to 4,158,578 tons of 2,000 pounds, at a value of $7,439,551, equal to $1.78 per ton.

As a reasonable duty is, in my opinion, absolutely essential for the profitable operation of salt works in New York State, which is the principal salt-producing State in this country, and as the duty is not an appreciable tax upon anyone, we respectfully petition your honorable body that you will make no change in the existing tariff on salt.

Notice of the hearing on salt did not reach us until day before yesterday. We have had no chance to prepare a brief, but can do so without delay, and ask your permission to later file same. I would also state, I believe that most of the salt producers of the country are not aware of this hearing to-day, and this explains why more are not here.

Mr. CLARK. Mr. Brown, several years ago when Congress put up the internal-revenue tax on beer, the beer makers, or somebody connected with the trade, went to work and cut down the size of the beer glass. That was the way they evened up. What I was trying to get at awhile ago was this: What is the reason this matter can not be evened up in the same way for the benefit of the consumer, as well as the gentlemen who were selling the beer? Why can not the salt bag be made a little larger?

Mr. BROWN. I suppose it would result in a similar action.

Mr. CLARK. But I mean to increase the size of the salt bag. Of course it would make a very small difference, if the tariff were taken off, upon a 2, 4, 6, or an 8 pound bag of salt. That was the difficulty

suggested by Mr. Gaines. Would it not be just as easy to increase the size of the salt bags as it was to cut down the size of the beer glass; to put in an extra pound or two?

Mr. BROWN. When a producer is not earning very much money he is not under much temptation to increase the size of the package.

Mr. CLARK. But here is the trouble about it, it seems to me, not only in regard to the salt tariff, but upon several other things that we have had up here, the reply has always been that the consumer would get no benefit by the change in the tariff; that the string of middlemen would absorb what you would lose on salt, for instance; that is, the midleman would get it instead of the consumer. What I have been trying to get somebody to suggest was some way so that there would be a cut down that the consumer could get the benefit of.

Mr. BROWN. The consumer would get some benefit; yes.

Mr. CLARK. How far west do you ship your salt?

Mr. BROWN. To Chicago.

Mr. CLARK. How does it happen that you can ship your salt to Chicago and compete out there, when Mr. Fuller, from Scranton, can not ship his salt as far west as Pittsburg and compete with the Ohio men?

Mr. BROWN. Because there are a great many salt producers in Michigan who are producing the grade of salt that Mr. Fuller produces; therefore he is practically barred out. Fortunately for my company, there are no producers of the same grade of salt in Michigan, so that we have an opportunity to sell it.

Mr. CLARK. Then you do not produce the same kind of salt that Mr. Fuller produces?

Mr. BROWN. He produces a number of grades. He does produce one grade practically the same as the Sterling Company produces.

Mr. CLARK. Now, is there an agreement among all of the salt producers in the United States to hold the price of salt up?

Mr. BROWN. Absolutely none.

Mr. CLARK. Then there is not any such thing on earth as the American salt trust?

Mr. BROWN. Not that I know of; we have no connection with it.

Mr. GRIGGS. No agreement with it?

Mr. BROWN. No.

Mr. FORDNEY. If the consumer would be benefited by an increased quantity in the 5 or 10 pound bag, it would cost more for the cotton in the bag than for the added salt?

Mr. BROWN. Yes; because the package costs 5 or 10 times the cost of the salt.

The CHAIRMAN. I want to ask a question about the salt coming in competition with yours. What is that laid down for in New York—the foreign salt?

Mr. BROWN. Foreign salt to-day is landed in New York at approximately $3 a ton c. i. f.; that is, without the duty.

The CHAIRMAN. And what does your salt cost at New York?

Mr. BROWN. Our freight to New York is $2.40, our rail freight, which is what we have to depend upon most of the time.

The CHAIRMAN. Are you on the line of the canal?

Mr. BROWN. No, sir; we ship by rail to the canal at Rochester, transferring; and when canal freights are low we obtain a small benefit that way.

The CHAIRMAN. What does salt cost your factory to produce it?

Mr. BROWN. That is a rather difficult question for me to answer, but it is quite materially lower than the figures on the other salt. We are miners of salt, and if you figure interest on the plant, and matters of that sort, it would cost us in the neighborhood of $1.50 a ton.

Mr. BOUTELL. But do you compete in selling to the packers in Chicago? Who are your competitors?

Mr. BROWN. We compete with the International Salt Company, of Illinois, and with the Louisiana companies, who send salt up there to some extent. Then the packers are large users of Syracuse salt.

Mr. BOUTELL. Who furnishes, if you know, the Omaha and Kansas City packers?

Mr. BROWN. Kansas or Louisiana. We can not ship there.

Mr. BOUTELL. And the packing houses of Texas, I presume, are supplied by the Louisiana factories?

Mr. BROWN. Louisiana or Texas.

Mr. BOUTELL. Would a reduction or a repeal of this duty on salt, either one, benefit the interior packers at Chicago, Milwaukee, Omaha, or Kansas City, and if so to what extent?

Mr. BROWN. Not appreciably. You know the packers of export meat can obtain a drawback on the duty.

Mr. BOUTELL. I understand, but on the general curing of domestic meats, would the reduction or the repeal of the duty be of benefit to them so that it could be passed on to the consumers of meat?

Mr. BROWN. I do not think there would be anything left to pass on. There would be a difference, yes.

Mr. BOUTELL. I trust that before these hearings are closed, we will find some object where a lowering of or a repeal of the duty would be passed on to the consumer. So far the testimony seems all to be one way.

Mr. BROWN. Some ten years ago, at the hearings, a number of western packers joined in a petition asking that salt be kept on the free list. None of them are here, and to the best of my knowledge none of them care anything about it. It does not affect them one iota; it does not really affect them.

Mr. CLARK. Do they add the price of salt to the price of the meat?

Mr. BROWN. The price the gentleman over here was talking about was that of salt for the ham. The cost of that salt would probably be one-fiftieth of a cent. When you even add 90 per cent duty, which is very erroneous, because that 90 per cent is based upon the value of that salt at the point of production, but the freight on salt is nearly 100 per cent of the selling price of salt, and when you get that salt to this country and pay freight on it, and get it to the point where it is used, that 90 per cent shrinks to a very much lower figure.

Mr. CLARK. This one-fiftieth of a cent——

Mr. BROWN. I was using that figure off-hand.

Mr. CLARK. I understand, but they take advantage of that to add about 1 cent a pound.

Mr. BROWN. But you must not hold me responsible for that.

Mr. CLARK. But I am asking you whether, as a matter of fact, you have any idea that the packers are going to let anything slip through their fingers. The large part of the salt sold in the United States is sold to consumers. You are considering the big fellows, while in the

aggregate the little fellows amount to more than the big ones. The very large proportion of the salt consumed is bought in barrels by farmers. If the tariff were taken off, how much difference would it make in the cost of a barrel of salt, provided the consumer got the advantage of it?

Mr. BROWN. Eight cents a hundred on 280 pounds, which would be approximately 20 cents. But I do not think he would get it, because he is not buying foreign salt.

Mr. CLARK. Well, I know; but if he does not buy the imported salt, then it does not affect your trade, does it?

Mr. BROWN. It would not affect it inland; no, sir.

Mr. CLARK. It has been claimed in Congress over and over again within my recollection that American salt can not be used successfully in this fish industry in New England. Is that true or not true?

Mr. BROWN. That is not true, sir.

Mr. CLARK. I am glad to hear it.

Mr. CRUMPACKER. The Chicago packers pack and cure large quantities of meats for the export trade. Do they use imported salt, upon which they are entitled to a drawback of 99 per cent, to any extent?

Mr. BROWN. I think nearly all the export meat is packed with English salt.

Mr. CRUMPACKER. Because it is cheaper?

Mr. BROWN. The price is about the same, but there is a prejudice in its favor in England, and many of the buyers try to stipulate and do stipulate that meats for their markets shall be packed in English salt.

Mr. CRUMPACKER. The idea that I wanted to develop is as to whether it is practicable to send foreign salt into the country as far as Chicago?

Mr. BROWN. Yes, sir.

Mr. CRUMPACKER. It is?

Mr. BROWN. It is.

Mr. CRUMPACKER. So that if the duty were taken off salt it would affect more or less the price of salt in the Mississippi Valley?

Mr. BROWN. It would; it would have an influence on it.

Mr. CRUMPACKER. I had the impression that the freights were so great that the people in the Mississippi Valley, between the Alleghenies and the Rockies, would not be affected one way or the other by the question of the duty.

Mr. BROWN. The average consumer would not be affected, but the packing houses—speaking offhand—I do not sell imported salt to packers, but I think they use about 10 000 tons a year of imported salt.

Mr. CRUMPACKER. So that the Chicago packers can buy and use imported salt in packing and curing their meats designed for the export trade, receiving a drawback, for less money than they can buy salt produced in this country?

Mr. BROWN. I will not say for less money, but for practically the same.

Mr. GAINES. Do you know whether the individual purchaser of salt pays more for it in this country than in other countries?

Mr. BROWN. In Great Britain the cost of salt to the ordinary consumer is about the same as it is in this country. In France the consumer pays about ten times what he pays here. The Government charges a very high internal-revenue tax there. In Italy it is even more than that, while in Austria and Hungary it is a government

monopoly, and salt for family uses is something like 10 cents a pound. It is 30 to 40 times the cost to the householder in this country.

Mr. GAINES. Do you know, Mr. Brown, whether there is anything in our labor laws that imposes a condition involving an expense upon the manufacture of salt in this country not imposed by the foreigner?

Mr. BROWN. Yes. The labor commissioner of New York State has recently directed us to open up a new shaft for the purpose of the safety of the mine. That will put us to an expense of approximately $100,000 in order to conform to that regulation. There are labor conditions that we have to conform that cause a handicap against the foreign producer.

Mr. GRIGGS. Do I understand you to say—you have not stated so directly, but have seemed to intimate it—that it is only a question of freight rates?

Mr. BROWN. It is to get around freight rates, very low ocean freight rates, that we particularly ask for this duty.

Mr. GRIGGS. The duty on salt only affects seaport towns. Do you mean to say that it does not affect interior towns?

Mr. BROWN. It affects them indirectly only, excepting in the case of large packers.

Mr. GRIGGS. An indirect affection regarding money is pretty close to a direct affection, is it not?

Mr. BROWN. In my paper I have said that we will concede we do not fear any disastrous competition from foreign salt at the inland points.

Mr. GRIGGS. The gentleman who preceded you said that it cost him $2.80 to make a ton of salt.

Mr. BROWN. That is at Syracuse, the solar salt.

Mr. GRIGGS. Where are you?

Mr. BROWN. We are near Rochester, at Cuylerville, N. Y.

Mr. GRIGGS. Not very far apart?

Mr. BROWN. Not very far apart.

Mr. GRIGGS. And yet it only costs you $1.50?

Mr. BROWN. We mine salt. We sink a shaft nearly 1,200 feet deep, and take the salt out that way.

Mr. GRIGGS. He does not?

Mr. BROWN. No, sir; he makes it by a very similar process to what they use in the West Indies. He takes the salt water from the wells, runs it into these shallow vats that you see as you pass through Syracuse, and the sun evaporates the water. Then the American laborer rakes up the salt, dries it, cures it, and screens it.

Mr. GRIGGS. Then it is cheaper for you to make salt than he?

Mr. BROWN. No, sir.

Mr. GRIGGS. Where he would lose money you would make a good profit?

Mr. BROWN. His salt is suitable for some purposes that ours is not, and he is pretty largely restricted to those uses in the sale of it.

The CHAIRMAN. The next subject will be figs, olives, raisins, and so forth, paragraph 264. I want to inquire, in the first place, if there are any gentlemen here who would like to advocate the reduction of the duty on these articles, and, if so, we will hear from them first.

STATEMENT OF MR. H. C. NEWCOMB, OF PHILADELPHIA, PA., CHAIRMAN COMMITTEE REPRESENTING OLIVE IMPORTERS OF THE UNITED STATES.

Mr. NEWCOMB. Mr. Chairman and gentlemen, I would like to have about nine minutes. I am one of the committee of three representing the Spanish olive importers, manufacturers, and distributers in the United States. I represent the importers. My fellow-members represent the largest manufacturers and importers and distributers in the United States. We come to ask for a protective tariff, but that the protection be given to the proper persons, who are the manufacturers and the consumers. We are opposed by the California growers of olives, who after ten years of protective tariff have not been able to supply what is required by the manufacturer and consumer, either in quality or in quantity.

The average importations of the Spanish olive for the last ten years, according to the best statistics that we can get, which may differ slightly from those compiled by the Government, because they have the government manifests to go to, while we have the ordinary manifest; but we believe that the average importations of the Spanish olives for the last ten years has been about 1,600,000 gallons per year. This year I think we are bringing in about 2,500,000 gallons. Our statistics are taken from the manifests, and not the government report. It is possible that you may find more in the government reports. We do not refer to the black olive, because that is not prepared on the other side of the ocean.

Under the present rate of duty the importers are paying to this Government about $240,000 a year. This Government can readily increase this revenue by reducing the duty. The present rate is 15 cents per gallon on odd sizes of cured green olives. This means 60 per cent ad valorem; and on the 60 per cent of olives imported that we are paying a duty on, equal to 25 per cent. About 18 per cent of the olives imported are being taxed 40 per cent and 22 per cent of the olives imported are being taxed 100 per cent. These percentages represent the large, medium, and small sizes.

There are 18 sizes of olives. When the present rate of duty was fixed, the California producers of olives claimed a protection for an infant industry, and it was raised from the ad valorem duty equivalent to about 6 cents a gallon to 15 cents, which it is at present. The only olives that California is producing, or will ever be able to produce, are those equal to the smallest sizes that we are importing, upon which the present rate of duty is 15 cents and which is equivalent to 100 per cent. The consequence of this rate of duty is that we can not increase our output of small sizes, notwithstanding these small sizes are more plentiful at the point of production than the larger and medium sizes. Therefore the field for selling has not been developed as it should be. In the meantime California has not been able to produce the quantity of green, cured olives to more than 5 per cent of what we are importing, nor has it been able to produce the quality of olives that the bottling business requires. Nor are the California olives in color or flavor or quality what we require. In the bottling business it is necessary that the olives shall have a uniform color. The green, cured olives of California have never been

produced of uniform color, and it is impossible for them to do it. Furthermore, the green, cured olive of California will not keep. With all due respect to the California gentlemen who represent their interest, I want to say that I received about ten weeks ago five barrels from one of the largest and, I think, one of the best curers in California, and I am sorry to say that when those ten barrels arrived in Philadelphia they stunk so bad that I had to send them to the dump. The demands for the consumer for our olives is for a uniform color, and that California has not been able to get. Unless the olive will keep in glass bottles, or barrels, it is not of use to anybody. The importers and bottlers have used the California olives whenever they could get them for the last ten years, but they have not been able to keep them in bottles or barrels.

The different claims of the California importers are set forth in the pamphlet published this morning, and I think they say that they can produce about 150,000 gallons of cured olives, the green and the black, and that is about 6 per cent of the quantity we are importing this year. The black olive is the ripe olive. Nevertheless, there is not a single bottler in America to-day who has been able to use their olives, and I know many who are anxious to try them. The truth is their olives are neither bottlers nor are they keepable, from the manufacturing standpoint.

We believe that their pretensions are not provable. We believe that they can not produce more than 2 per cent of the olives necessary. Assuming that there are employed in this country several thousand in importing, bottling, and distributing Spanish olives, at the same time many thousands of dollars are being paid to bottle manufacturers, case makers, lithographers, and for other supplies that go to make the finished product of the bottled olive. We claim the right to increase this business. We claim the right to furnish the consumers with a cheaper grade of olives. The demand is here, the manufacturing facilities are here, the enterprise and capital is waiting. But we are held back by a protective tariff established for the interest of the California infant industry, which has been carried on for more than ten years, and that infant is still a baby in swaddling clothes. We want this duty reduced to 10 cents per gallon instead of 15 cents. We want this because we think it is right. It is not right to keep the consumer from having what he wants and what he is able to pay for.

Mr. UNDERWOOD. Right there; what effect would the reduction you desire have on the revenues?

Mr. NEWCOMB. I will show you that in a few minutes. It is not right to keep us from enlarging our business, yet California is not able to produce our requirements; in fact, not 2 per cent of our requirements are being produced by California to-day. We want our enterprise and facilities protected, we want our working people protected, and we ask to have this duty made 10 cents per gallon. As a matter of fact there ought not to be any duty on these olives because the bottling end of it and the manufacturing end of it represent a great deal more capital and people than all that California produces. But we are willing to pay our share of the revenues of the Government, and we are willing to pay this 10 cents. There is no more reason why there should be a protective tariff on olives than there should be on the cork that is used in a bottle. We claim that the

bottlers of the United States have just as much right to be protected as the cork men, and they grow cork in California also.

The CHAIRMAN. Some things are quite evident even to members of the committee.

Mr. NEWCOMB. Thank you. We know that a reduction will bring an increased revenue, and the proposition is simply this: At 15 cents per gallon we have been bringing in during the last ten years about 960,000 gallons of large fruit, which represents 60 per cent of what comes in. That has brought a revenue of $144,000. Forty per cent of that brought in has been small fruit, making 640,000 gallons, or $96,000, being a total of $1,600,000, or $240,000 duty. You will see that the 40 per cent of the import has been on an excessively high rate of duty, from 60 to 100 per cent. If you will reduce that rate to 10 cents, we can give olives to the masses, and reverse those figures; and instead of having importations principally of the large sizes, to be consumed by the wealthy people, we can make the consuming masses, the poorer people, our customers, and just because of that 5 cents additional duty, and we can increase the sale 25 per cent, of the larger olives, and the sale of the smaller sizes 400 per cent. If that is done, we shall be able to bring in 1,110,000 gallons, producing $110,000 revenue, or 2,660,000 gallons, producing $266,000 revenue. On one class of olives alone we are now bringing in about 300,000 gallons, which means that, at the present rate of duty, there is received $43,000. That particular class of olive was unknown to the trade ten years ago. I am referring to the olive stuffed with peppers. So that in the last ten years that business has grown from nothing to 250,000 to 300,000 gallons. We believe we can multiply that easily by five, and in that case we shall bring in 1,750,000 gallons, at a duty of 10 cents a gallon, with a revenue of $175,000 instead of $43,000.

Mr. DALZELL. How much has that increased under the present tariff?

Mr. NEWCOMB. It is practically new business.

Mr. DALZELL. You said that in the last ten years it had increased so much.

Mr. NEWCOMB. Ten years ago there was not any such business.

Mr. DALZELL. And the increase has been what?

Mr. NEWCOMB. We had none until ten years ago. It is a new business—olives stuffed with peppers.

Mr. DALZELL. I understand. It was nothing ten years ago, and it has grown to what now?

Mr. NEWCOMB. About two hundred and fifty or three hundred thousand gallons per year.

Finally, gentlemen, we ask for protection to the people who are working so hard, protected to the masses. We want protection for the people who have invested so much money to furnish this product and who can not furnish the article that is needed.

Mr. FORDNEY. Isn't it true that the olives are cheaper now than they were ten years ago?

Mr. NEWCOMB. I think they are higher now than they were then.

Mr. DALZELL. You say that the California growers produce about 2 per cent of the entire consumption?

Mr. NEWCOMB. Two per cent of the quantity we are importing.

Mr. DALZELL. Your proposition is that that industry is not big enough to be protected?

Mr. NEWCOMB. As a matter of fact, yes; we do not think it is.

Mr. DALZELL. Too much of an infant to be protected?

Mr. NEWCOMB. But the infant has never produced an olive that the trade could buy.

Mr. DALZELL. I understood you to say also that the California olive was substantially no good for keeping, quality, color, or size?

Mr. NEWCOMB. Yes; and we can demonstrate that.

Mr. DALZELL. Then it does not come in competition with your olives?

Mr. NEWCOMB. That is true; it is not competitive.

Mr. NEEDHAM. Do you mean to say that the California olives can not be bottled?

Mr. NEWCOMB. It can be bottled, yes; but I maintain that you can not keep the corks of the bottles in, because the olives do not have the keeping qualities; you can not keep them in with a sledge hammer.

Mr. NEEDHAM. I think you are very ignorant of the olive trade in California.

Mr. NEWCOMB. Well, I have seen the California olive bottles on the top shelf of a store in the winter time, and I have seen the cork blow out up to the top, showing that the olives were not of the keeping quality.

Mr. POU. What is the ad valorem duty?

Mr. NEWCOMB. About 40 per cent on the Spanish olives of that size.

Mr. POU. Do you think they would then sell cheaper?

Mr. NEWCOMB. Undoubtedly.

Mr. POU. How much is that, 5 cents a gallon?

Mr. NEWCOMB. Yes, sir; 5 cents.

Mr. DALZELL. I thought you said it was 40 cents.

Mr. NEWCOMB. I said some were 40 per cent; that is, the Spanish olives of the No. 18 size. It is 40 per cent on an average.

The CHAIRMAN. It would be 40 per cent on a part of them and on the remainder of them it would be from 27 per cent to 30 per cent.

Mr. NEWCOMB. It would average somewhere in the neighborhood of 40 per cent.

The CHAIRMAN. I suppose that you find that in the government statistics?

Mr. NEWCOMB. It is pretty close to 40 per cent.

STATEMENT OF MR. J. MAGEE, OF NEW YORK.

Mr. Chairman and gentlemen of the committee, I appear to represent the olive importers, the packers, and the American wholesalers of the East, whose importations of Spanish olives amount to about a million dolars in value. In this industry we employ about fifteen hundred American people, and we pay wages amounting to about half a million dollars. The California people only estimate about $150,000 worth of business, and it would mean that we pay in wages about three times as much as the entire value of the California pickled-olive trade. It is a fact also that California is an importer of olives, because the Spanish olives are sent there, and sold in competition with the California product, in probably exactly the same quantities and of the same kind as that cured in the State of California. The reason

for that is that the California product and the Spanish product are entirely different. They are alike in name only. They are two entirely different species of fruit. There are a great many different varieties of olives.

The only really successful trade in Spanish olives is in the olives coming from the district of Andelusia, of which the city of Saville is the center. The territory for 50 miles around Saville will cover the entire producing section for Spanish olives. This olive will keep in casks of 160 gallons as long as three years. We have kept them that long. They are carried only in bottles and they will easily keep a year subjected to all the conditions, and I may state that an olive is subject to a change in color by reason of the change in light and other conditions.

It is impossible to keep the California olives in bottles. They can not be handled successfully. We have tried it. Some of the wholesale grocers have tried it, and they know.

Mr. NEEDHAM. Is it not a fact that they are sold in the stores in this city and that they do keep perfectly?

Mr. MAGEE. We have not been able to keep them six months. In California, I understand, they keep them in tin by some preparation the constituents of which we do not know. We are not opposed to the California olive business, because we are the people through whom the California raiser must sell. In California they sell a 16-ounce tin for $1.50 which would cost $1.35 in New York. We can not pack a 16-ounce package of Spanish olives costing less than $1.60.

Furthermore, if the California product is of sufficient importance to make it an important factor, why is it necessary for them to import the large Spanish olive in large quantities into that State? That is the question we would like to have answered. We regard it as a fact that the Spanish olive industry is competing with the California product, and we think that our business is entitled to the same consideration that the California business is.

Now, as to the California product, they are delivered in New York in barrels. I have tried to pickle the olives in bottles, and I am positive that it can not be done. They have never been able to show us how it can be done. We have tried that for six succeeding years. It seems to be impossible to pack them and keep them thirty days. Tin is a package that is not suitable to olives. They do it in California by using some sort of a preparation. We can not pack the Spanish olives except in a preparation of brine and salt. The water seems to affect the tin. Everybody knows that. The brine used in California does not affect the tin. The green olive contains a certain percentage of water. The olive is the only fruit that grows where the oil is in the pulp. The Spanish olive does not contain oil in sufficient quantities to make it commercially valuable. I think that if the duty is reduced 5 cents a gallon we will increase our business. The reduction of this duty would enable us to sell 20 per cent more than we sell at the present time. If we increase our business, it will increase the government revenue.

Mr. HILL. You contend that this is a noncompetitive product in which the Government can receive a larger revenue by the reduction of the duty?

Mr. MAGEE. That is the point.

Mr. CLARK. Is the olive to be compared with the plum?

Mr. MAGEE. The plums have a very short pit and the olives have long ones. The olive and the plum belong to the same family, the striking difference being in the pit itself.

Mr. CLARK. Is it true that a portion of the oil is made from the green variety?

Mr. MAGEE. No; that is not true.

Mr. CLARK. I have seen it so stated in the newspapers.

Mr. MAGEE. There are a good many things stated in the newspapers that are not true.

Mr. CLARK. I am quite aware of that, but I was interested to find out.

Mr. MAGEE. Olives are not plums.

STATEMENT OF MR. WILLIAM F. BODE, OF CHICAGO, ILL.

Mr. BODE. Mr. Chairman and gentlemen of the committee, I am here practically representing Reed, Murdock & Co., and incidentally all of the large American olive importers. We are unanimous in a desire for a reduction of 5 cents a gallon on olives, or a reduction from 15 cents to 10 cents per gallon. In our opinion this action on your part will increase the imports. I think that we have reached the limit of supply of merchantable olives of the ruling size. The American market takes nearly all of the large olives, or what is known as the Queen olive, estimated to be 900,000 gallons. It has done that for the last ten years. It takes about 300,000 gallons of the small olive, or the Manzanillo olive. We wish to increase the importations of this small olive, which is the cheaper olive. The foreign olive in no way endangers the American or California olive. The only merchantable olive which California produces is the California ripe olive, which stands in a class by itself. No ripe olives are imported into this country, and therefore they are not in competition with the California product. The green olive produced in California is practically unmerchantable, and therefore the importers occupy the almost unanimous position and advocate the proposition to reduce the duty, as by so doing it will increase the revenue.

We have no quarrel with the California olive growers. We do not think that they can produce a merchantable product. The olives grown in this country sell for twice the price of the olives that we are able to obtain. We simply ask to be able to increase our business.

Mr. UNDERWOOD. What effect would the reduction have on the amount of duty received?

Mr. BODE. We think that the small Manzanillo olive will be imported in three or four times the quantity that it is to-day. The small olive is the olive that the average family can buy. It is only the wealthy class that buy the large Queen olive or the California ripe olive.

Mr. POU. The reduction would only enable you to sell 5 cents a gallon cheaper?

Mr. BODE. Yes, sir.

Mr. POU. Do you think that that small reduction would increase the revenue to the extent that you indicate?

Mr. BODE. Yes, sir; for the reason that 5 cents average cost does not amount to much.

Mr. GRIGGS. Are you able to state how much the reduction would be on a pint jar of olives?

Mr. BODE. I think olives will be sold mostly in bulk by the distributing or selling agents for olives. The small olive when sold in a bottle would probably not be reduced in price.

STATEMENT OF MR. WILLIAM O. JOHNSON, OF LOS ANGELES, CAL.

Mr. FORDNEY. Are you for or against the tariff?

Mr. JOHNSON. I am for a little more; I want it doubled. I have filed a brief, and I would like to read a synopsis of that brief.

Mr. Johnson read the brief, as follows:

Mr. Chairman and gentlemen: I appear before you representing the olive growers and olive-oil manufacturers of the State of California. A complete report on olives and olive oil has been filed. I ask your permission to read a short synopsis of that report. We believe this is the first attempt of the growers to properly place the situation of olives and olive oil before Congress. It has never before had any form of representation on the part of the grower, and we ask the further protection of our infant and growing industry. Last year approximately three and one-half million gallons of pure olive oil were imported into the United States. Of this amount 3,000,000 gallons were delivered in New York duty paid at $1.25 to $1.50 per gallon, the balance from $1.50 to $1.75 per gallon duty paid, and a very small quantity at $2. Last year there was also imported free of duty, under the head of manufacturing oil, two and one-half million gallons pure olive oil.

Last year California produced approximately 350,000 gallons of olive oil and 45,000 gallons of pickles, ripe and green. California is producing one-tenth or less of the oil consumed, while the people of the United States are sending annually to foreign countries between two and one-half and three and one-half million dollars, on which the Government is receiving $1,300,000 revenue.

The olive industry to-day in California, owing to continual discouragements from a financial standpoint, is utterly demoralized. There are about 12,000 acres of olives at present planted in California. Fifty per cent of this acreage is bearing. The yearly average net income under present conditions is $17 per acre. Not a handsome income on an orchard requiring seven or eight years to come into bearing and an annual outlay of from $10 to $20 per acre. Olive oil can be manufactured in European countries at from 40 to 60 cents per gallon as against approximately $1.40 factory tank cost in America. Freight from Europe to New York is 5 cents to 7½ cents per gallon as against 12 to 15 cents per gallon from California to New York, making our total cost delivered in New York on the cheaper oil which we manufacture $1.55 to $1.65 per gallon. This forces us to compete with equally good imported oil on a cost basis of 97 cents to $1.15 f. o. b. New York, duty paid. Wages for this class of work in Europe average from 25 cents to 60 cents per day, to say nothing of the large amount of free child and female labor. Our labor here for the same work averages from $1.50 to $2 per day per man. There is certainly no reason to consider this class of labor more efficient here in the United States than the European labor, as it is not skilled labor in any sense. The total cost of harvesting and de-

livering olives in Europe at the factory rarely exceeds $6 to $7 per ton, while our cost is seldom under $20 per ton. Unless some radical change is made by affording better protection to the industry by an increased tariff, the olive industry from the growers' standpoint must remain in its present condition of stagnation. It is safe to say that with the same protection that has been afforded oranges and walnuts that the olive industry could so be increased that at least 75 per cent of the olives and olive oil consumed in the United States could and would be raised and manufactured in our own country. We have a great and almost unlimited field for olives and olive oil, and some action should be taken to foster this industry. We can not expect any great results unless there be.

From figures and investigation our committee respectfully suggests that you give us protection on olives, green and ripe, of 25 cents per gallon and on olive oil 75 cents per gallon, and the so-called "manufactured oil," denaturized. Then you will see the orchard already planted taken care of and new orchards set out, and you will see California make the olive industry one of the largest and most profitable that it has. We are the only State growing olives; therefore stand alone and unassisted in making this plea, but we claim it is too large and important a matter for your committee to ignore.

An importer yesterday said to me: "Ten years ago we got 15 cents on olives to protect your infant industry. What have you done with your infant in the ten years?" We have increased our acreage to 10,000 acres. We have invested in trees and manufacturing plants about $4,500,000, and we have done that in the face of increased expense for labor and material and selling our pure olive oil, up to one year ago, in competition with so-called "pure olive oil" imported from European countries, and which was adulterated from 30 to 60 per cent.

The CHAIRMAN. You spoke of denaturing olive oil for manufacturing purposes. It was stated the other day that that could not be done.

Mr. JOHNSON. I claim it can be done. I think that that would be a question for the chemist to decide.

Mr. BOUTELL. To what extent is olive oil used by the soap makers throughout the country?

Mr. JOHNSON. The use of it is very small.

Mr. BOUTELL. What oil do they use?

Mr. JOHNSON. I think they use soap grease and cotton-seed oil principally.

Mr. BOUTELL. Is not olive oil used largely in the manufacture of castile soap?

Mr. JOHNSON. It is not used in all of the castile soaps. It should be used in it; but they could not use all olive oil in the making of soap because it will not saponify. They would be compelled to use some other oils.

Mr. BOUTELL. The soap makers do not use the imported oil?

Mr. JOHNSON. I do not think so; but I do not know anything about that. I deal only with the commercial oils.

Mr. McCALL. For what purpose do they use this inferior olive oil that comes in?

Mr. JOHNSON. I am afraid that they use it as an edible oil. That is why they want it denatured.

Mr. GRIGGS. Do not the soap makers use the cotton-seed oil?

Mr. JOHNSON. I think they do.

Mr. GRIGGS. They use it very largely.

Mr. JOHNSON. I think so.

Mr. GRIGGS. You do not claim that they use olive oil?

Mr. JOHNSON. I think some of it is used by the silk manufacturers, but I suppose that about 80 per cent of the oil which comes in free of duty is used as edible oil.

Mr. GRIGGS. The California fruit comes in competition with the Georgia fruit. What is the freight rate from San Francisco to New York?

Mr. JOHNSON. It is 15 cents a gallon on oil.

Mr. GRIGGS. Do you know what it is on peaches?

Mr. JOHNSON. I do not.

Mr. GRIGGS. Do they not ship peaches as cheaply from California to New York as we ship them from Georgia?

Mr. JOHNSON. I do not know. We pay 7½ cents, while from Los Angeles to Chicago and New York we pay 15 cents.

Mr. NEEDHAM. How long have you been in the olive business?

Mr. JOHNSON. Five or six years.

Mr. NEEDHAM. Do you know anything about the principle of bottling olives?

Mr. JOHNSON. Yes.

Mr. NEEDHAM. Have you ever had any trouble in getting olives to keep?

Mr. JOHNSON. No; our trouble is on account of the New York importer. He is the man who says we can not keep them. I have never had any trouble in keeping olives five years. We bottled about 400 or 500 cases last year and the parties made a claim of damages only on about 25 cases.

Mr. GRIGGS. Can you grow the large olive?

Mr. JOHNSON. We can if we get a chance.

Mr. GRIGGS. Who is to give you the chance?

Mr. JOHNSON. We can when we get the trees growing. We have 6,000 trees now maturing. We have olives in California now as large or larger than any other olives found in New York or Chicago.

Mr. GRIGGS. Your peaches come in competition with our peaches from Georgia, and you sell yours cheaper than we do.

Mr. JOHNSON. I do not know, but maybe yours is a better peach.

Mr. GRIGGS. Of course they are; we all understand that.

Mr. JOHNSON. In California we are not after the large olive. We are after the olive that will produce the most fruit; after the olive that will prove to be a prolific bearer. In other words, we want the olive that will yield most to the tree.

Mr. GRIGGS. Is not cotton-seed oil used in the making of soap?

Mr. JOHNSON. I said I though it was.

Mr. GRIGGS. Is olive oil used for that purpose?

Mr. JOHNSON. It is used for edible purposes in the way of making salads.

Mr. GRIGGS. Don't you think that the man who wants it for the purpose of making salad ought to pay for it?

Mr. JOHNSON. Yes, sir. I do not know that we are asking you to increase or decrease the tariff one particle.

Mr. POU. What increase in the tariff are you asking?

Mr. JOHNSON. We are asking 100 per cent increase on olives.

Mr. POU. We pay 75 cents a quart for them now.

Mr. JOHNSON. If you will reduce the tariff the price will go down and you will not have to pay so much.

Mr. POU. Is not the price now about $3 per gallon?

Mr. JOHNSON. It is about $5 per gallon.

Mr. GRIGGS. You buy in the larger packages?

Mr. JOHNSON. We buy in bottles.

Mr. GRIGGS. In Georgia we make good olive oil out of cotton seed, but we do not eat it.

The CHAIRMAN. A question was asked about the denaturing of olive oil, and I find that it can be denatured, and it is denatured in France, from whence it is imported for manufacturing purposes. I wanted to get that in the record in answer to the argument made.

Mr. JOHNSON. I stated it was denatured.

(At 1 p. m. the committee took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
Thursday, November 19, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

The CHAIRMAN. Does any other gentleman want to be heard on the subject of olives?

Mr. ROEDING. I simply want to make a statement with reference to the denaturizing of olive oil.

The CHAIRMAN. I do not think that it is necessary, unless you want to say that it can not be done.

Mr. ROEDING. It can be done.

The CHAIRMAN. Our records show that it can be done, and the French are doing it. Is Mr. Roeding here?

Mr. ROEDING. My name is Roeding.

The CHAIRMAN. You want to be heard on something else?

Mr. ROEDING. On figs.

The CHAIRMAN. Proceed.

STATEMENT OF MR. JOHN C. ROEDING, OF FRESNO, CAL.

Mr. ROEDING. I am one of a committee of three representing the general committee on tariff revision of the State of California, appointed by the governor. Mr. Woodward, our chairman, has already presented a brief covering our desires on the subject of fruit in general, and my wish is to make special mention of the fig industry, which has not been as fully discussed as it should be in the briefs that have been presented. With your permission, I should just like to give you a short synopsis of this. Page 30, paragraph 264, of the tariff on imports into the United States, as contained in the act of July 24, 1897, imposes a duty of 2 cents per pound on figs.

Of all the fruit industries of California, the growing of figs stands in a very unique position. Strange as it may seem, nevertheless it is

a fact, that this duty has not to any appreciable extent caused the growing of figs to develop in proportion to other lines of fruits. For a period extending over fourteen years, from 1893 to 1907, there has been practically no change in the value of the imports, except in the last five years, during which time there has been a steady increase in their quantity and value, until in 1907 the importations amounted to something over 12,000 tons, representing a value of $1,136,924, which is almost half the total output of Smyrna figs, practically all of which are grown in Asia Minor. This fully indicates the fact that the United States is the largest consumer of this most delectable, world-famous product. During this same period the output of American dried figs has varied but very slightly from 2,500 to 3,000 tons annually, representing a value of from $120,000 to $150,000 to the producer.

The slow development of this industry is directly attributable to the fact that it is only within the last few years that a fig identical with the world-famous Smyrna fig has been produced, thus placing us for the first time on a footing of equality and enabling us to compete with the imported article. The fact that California has only very recently been in a position to place this new fig on the market has led to the fixed impression in the minds of the consumers that good figs could not be raised there. The growers who have engaged in this occupation in a small way are confronted not only with the competition of the imported fig, but are compelled to overcome the prejudice which has existed against our figs in general.

It was only after fourteen years of persistent and costly experimenting, during all of which time the writer insisted that Smyrna figs equal to the imported dried fruit could be successfully raised in America, that he finally succeeded in perfecting and producing this fig and convincing experts that it was entitled to recognition as one of the most promising of our fruit products. Good figs are admittedly the most healthful and desirable of all fruits and such can undoubtedly be produced in quantities to supply the demand now filled by the imported article, as well as any future requirements, provided proper encouragement be given American growers for its propagation by adequate tariff legislation.

Briefly, the successful production of this fig is dependent upon a small insect known as *Blastophaga grossorum*, without which agency the fig can not be produced. Prior to the introduction of this little insect, the writer cared and cultivated for a 60-acre fig orchard for fourteen years without deriving one cent of remuneration, although thousand of dollars were expended in the maintenance of the property and in efforts to introduce the insect.

The successful solution of the problem was finally brought about through the efforts of Hon. James Wilson, Secretary of the United States Department of Agriculture, who instructed one of his agents, then stationed in Naples, to send to California colonies of these insects. The first shipments were made in the year 1898, but without success, and it was not until 1899 that this little insect became established in its new home.

The propagation of this insect takes place in the following manner:

To begin with, the fig in which it hibernates and in which it propagates its species is an entirely distinct tree from the one producing

the edible and dried product. This particular fig tree stands in the relation of male to the edible fig. The only crop of this fig which is of any value for the production of the edible fig is the one which reaches maturity in June, at which time the figs are gathered from this tree and hung among the branches of the Smyrna, or edible fig tree. The caprifigs, which serve as a home for the insect, are filled with minute galls containing male and female wasps. The male wasps emerge from these galls first, open the galls containing the female with their powerful mandibles, and impregnate her. She then passes out of the fig, her body and wings becoming covered with the pollen from the male or staminate blossoms surrounding the fig orifice, and enters the edible fig which contains nothing but female flowers. The construction of these flowers is such that she can not deposit her eggs, but in her efforts to do so she distributes the pollen from the female blossoms—and there are thousands of them inside of a fig—so that each minute blossom becomes pollenated and thus produces a fertile seed. In consequence of this the fertilization of the flowers causes the figs to remain on the trees and mature into perfect fruits, which, were it not for the agency of this minute insect, would immaturely drop off when only about the size of marbles, which condition universally existed until the insect was introduced, since which time crops mature naturally and abundantly.

Under the present tariff of 2 cents per pound there is not sufficient protection to encourage the planting of this fruit on a scale commensurate with its value as a commercial product, for the reason that under our labor conditions—farm laborers commanding from $1.50 to $1.75 per day—the figs can not be harvested for less than 1 cent per pound; the care of the orchard until harvest season means an additional expense of another cent; add to this a reasonable rate of interest for the money invested, which approximately would represent an additional outlay of a cent, makes it quite evident that the present tariff is not high enough to encourage the advancement of this industry, and so we recommend that the duty on figs be increased to 3 cents per pound, under which duty we feel certain this industry will flourish and expand enormously.

Under the present tariff the consumer has never been benefited in the least, for it is a well-known and established fact that Smyrna figs have never sold for less than 20 and 30 cents per pound to the consumer, making quite evident the fact that the monopoly which the imported product has enjoyed has been the cause of maintaining the price of the products at a figure far beyond the reach of people of limited means. It is quite evident that an increase in the tariff will not cause any increase in the price of the dried fruit to the consumer, for the reason that it is far too high already, and it is only by the competition of our California fruit that it will be brought down to a figure which will cause it to be universally used as a food product. This is aptly illustrated by prices obtained for raisins before California entered the market as a competitor, when the ruling price was more than double what it has been since she became an active factor.

We feel that with a duty of 3 cents per pound on imported figs California will, as she has in the raisin business, demonstrate her ability to supply all our demands at a very much reduced cost to the consumer.

The following table is an exemplification of what we have hereinbefore set forth:

Fig tabulation.

Year.	Imports.	Value.	Production.	Value.
	Pounds.		*Pounds.*	
1893	10,503,928	$548,995	900,000	$13,500
1894	7,985,959	392,040	1,550,000	23,250
1895	11,855,890	587,420	2,750,000	55,000
1896	11,900,710	639,512	2,160,000	43,200
1897	8,540,762	535,380	3,250,000	65,000
1898	9,628,426	509,002	4,780,000	107,550
1899	7,284,058	356,762	5,800,000	120,500
1900	8,812,487	513,895	4,000,000	90,000
1901	9,933,871	458,513	6,500,000	146,250
1902	11,087,131	487,733	7,250,000	163,125
1903	16,482,142	774,917	6,000,000	150,000
1904	13,178,061	660,360	5,700,000	140,000
1905	13,364,107	617,027	7,250,000	181,250
1906	17,562,358	722,967	7,750,000	193,750
1907	24,346,173	1,136,924	6,000,000	150,000

That table shows how imports have been increasing all the time, and I want to say further, gentlemen, that lately I bought a pound of Smyrna figs in Chicago and paid 25 cents a pound for them. It merely illustrates that although the imports have increased from 10,503,928 pounds in 1893 to 24,346,173 pounds in 1907 there has been no change in the price of Smyrna figs to the consuming public.

Mr. UNDERWOOD. What was the extent of that industry ten years ago?

Mr. ROEDING. It was very small.

Mr. UNDERWOOD. How many acres were there under cultiavtion?

Mr. ROEDING. Not over 1,000 to 1,200 acres.

Mr. UNDERWOOD. How much is the area now?

Mr. ROEDING. Not over 4,000 acres.

Mr. UNDERWOOD. It has increased fourfold in ten years?

Mr. ROEDING. Yes, sir.

Mr. UNDERWOOD. What is the cost of the production of your figs f. o. b. the cars?

Mr. ROEDING. The curing of the crop costs in the neighborhood of a cent a pound.

Mr. UNDERWOOD. That is, the price on the cars, f. o. b. for shipment, is a cent a pound?

Mr. ROEDING. That is only for the harvesting of the crop, and to that would have to be added the cost of packing.

Mr. UNDERWOOD. My question was, What does it cost you to put your crop f. o. b. the cars?

Mr. ROEDING. Probably you do not understand this, that the fig we are producing in California at the present time is an inferior fig, outside of this new fig which is in the first stages of development, to the imported fig, and at the present time we get from 3 to 4 cents less per pound for the fig we are producing now than for the imported article.

Mr. UNDERWOOD. What I asked you was, how much it cost you to put them on board the cars?

Mr. ROEDING. It costs in the neighborhood of 3 cents.

Mr. UNDERWOOD. F. o. b. the cars for shipment?

Mr. ROEDING. Yes, sir.

Mr. UNDERWOOD. Where do you sell your crop?

Mr. ROEDING. It is distributed throughout the United States, in the West and also in the East, in New York, Chicago, St. Louis, Kansas City, all those cities.

Mr. UNDERWOOD. What do you sell it for?

Mr. ROEDING. It brings in the neighborhood of 5 to 6 cents.

Mr. UNDERWOOD. And how much of that is taken up in freight rates?

Mr. ROEDING. About a cent a pound.

Mr. UNDERWOOD. You make about 2 cents a pound?

Mr. ROEDING. Not quite that.

Mr. UNDERWOOD. How much is that an acre?

Mr. ROEDING. The production of figs with us is in the neighborhood of a ton to the acre. The report here shows that our product in 1907 was about 6,000,000 pounds.

Mr. UNDERWOOD. That is something like $40 an acre you are making on your fig crop at the present time?

Mr. ROEDING. Not to the grower; no, sir. When I refer to the additional cost of putting it on the cars you must add the packing charges. I am adding the packing charge there.

Mr. UNDERWOOD. I thought you said on board the cars, adding the packing charges, it was 3 cents.

Mr. ROEDING. It is more than that.

Mr. UNDERWOOD. How much?

Mr. ROEDING. The packing charges are just about equal to what it costs to deliver to the packing house. If the figs bring 2 cents, you can figure the packing charges at an additional 2 cents, making about 4 cents.

Mr. UNDERWOOD. It costs you about 4 cents? What I want you to give me is the net profit you are making on the figs.

Mr. ROEDING. The harvesting of the crop is about a cent. The cultivating charge is close on to another cent; so that the net profit is very small. It does not average to the grower over a cent.

Mr. UNDERWOOD. You make about a cent a pound on your figs?

Mr. ROEDING. Yes.

Mr. UNDERWOOD. And you raise about a ton to the acre?

Mr. ROEDING. About a ton to the acre; yes, sir.

Mr. UNDERWOOD. That gives you a profit of about $22 an acre?

Mr. ROEDING. Yes; but of course you must bear in mind that the fig I am referring to has never really come into competition with the imported fig on account of its being an inferior fig, and the fig we are trying to develop now, and on which thousands of dollars has been expended in its introduction, is simply in the first stages of its development.

Mr. UNDERWOOD. You expect this new fig you are developing will be more profitable than the old?

Mr. ROEDING. We hope it will be.

Mr. UNDERWOOD. It would be more profitable under the present conditions than the old one, would it not?

Mr. ROEDING. Yes; after we once get it established; but of course it requires a very heavy expenditure of money to introduce it.

Mr. UNDERWOOD. As the growth of figs, the development of the industry in this country, has increased in the past ten years fourfold,

under present conditions with a new and better fig you would probably develop that pretty rapidly, would you not?

Mr. ROEDING. Very rapidly, but our product is only 6,000,000 pounds against 24,000,000 pounds of the imported article.

Mr. UNDERWOOD. Do you not think it would be better for the development of your industry to develop it with reasonable speed, instead of to induce a vast amount of capital to go into it all at one time?

Mr. ROEDING. Take the development since 1893; there has been very little change in the amount of figs used from 1894 to the present time.

Mr. UNDERWOOD. I thought you said the amount had increased fourfold?

Mr. ROEDING. The acreage has increased to 4,000 acres, but, of course, all of that is not in full bearing. That is a very small development for the State of California.

Mr. UNDERWOOD. How long does it take a fig tree before it bears?

Mr. ROEDING. About five or six years.

Mr. UNDERWOOD. Then it is only a question of time when these figs will come into bearing and producing?

Mr. ROEDING. Yes; but, of course, if a grower does not receive sufficient encouragement and inducement he will not plant any more figs.

Mr. UNDERWOOD. According to the figures here, most crops in the United States are not paying more than $20 an acre?

Mr. ROEDING. Twenty dollars an acre would not cover the interest on the investment, and the time a man must work before his trees come into bearing.

Mr. POU. How much of the cost of your figs is labor?

Mr. ROEDING. The handling of them?

Mr. POU. Yes.

Mr. ROEDING. The labor of harvesting represents about $20 a ton.

Mr. POU. That is a cent a pound?

Mr. ROEDING. A cent a pound for harvesting. That does not include, you understand, the cultivation.

Mr. POU. Including the cultivation and all of it, how much of it is labor?

Mr. ROEDING. The actual labor is in the neighborhood, including cultivation and harvesting, of $35 an acre. Figuring a ton to the acre, it is about $35 a ton.

Mr. POU. Two cents a pound?

Mr. ROEDING. Yes, sir.

Mr. GRIGGS. You do not insist that anybody ought to make more on an acre of figs than on an acre of peaches, do you?

Mr. ROEDING. No; I do not.

Mr. GRIGGS. Or on an acre of cotton?

Mr. ROEDING. I do not insist on that, but I do say that it seems, under the present conditions, that with the tariff that we have at this time, the imports have increased right along and the consumer has never received any benefit of any lower price; but by the competition of this new fig, so that we will be placed on an equality with the imported fig, the price will naturally come down to the consumer.

Mr. GRIGGS. You have got more protection now than your entire labor cost comes to.

Mr. ROEDING. Well, that is all very true.

Mr. GRIGGS. How much more do you think you ought to have?

Mr. ROEDING. But as it is, the experimental work has cost thousands of dollars, and it is very difficult to induce a grower to engage in this business unless he feels he is going to derive a profit from it.

STATEMENT OF MR. M. F. TARPEY, OF FRESNO, CAL., REPRESENTING THE FRESNO CHAMBER OF COMMERCE.

The CHAIRMAN. We are very much pressed for time this afternoon. and I hope you will bear that in mind.

Mr. TARPEY. I appreciate that. I sat here all yesterday and this morning, and I appreciate the pressure on you gentlemen; but we are from a long way off, and when we come 3,000 miles we think we ought to be heard.

I have come here to represent the growers in the raisin and currant business. I am engaged in that enterprise myself. Paragraph 264, on page 30, of the tariff act of July 4, 1897, as printed, provides a tariff of 2½ cents per pound on raisins and 2 cents per pound on currants, Zante and other.

Under the stimulus of tariff protection the raisin industry of California, the center of which is Fresno County, has grown from nothing to the enormous quantity of 130,375,000 pounds in the year 1907. These raisins were produced under economic conditions entirely dissimilar from the conditions obtaining in foreign countries where raisins and so-called currants are produced. The California raisin comes in competition with raisins from Spain and so-called currants from Greece and Asia Minor, where said raisins and currants are produced with a labor charge of from 25 to 40 cents per day, as against from $1.50 to $1.75 and even $2 a day paid by the California grower, and with a freight charge from European and Asia Minor ports to American Atlantic seaboard ports of $5.75 per ton, as against the freight charge to California growers from California to eastern points of $20 a ton (which is announced to be raised to $22 per ton on the 1st of December next).

Under such conditions without a compensating tariff it would be impossible for the California raisin-growing industry to exist, and we wish to point the committee's attention to the fallacy, in at least as far as raisins are concerned, of the oft-repeated statement that "the consumer pays the tariff;" the fact that raisins, from a cost to the consumer of from 15 to 25 cents a pound prior to the imposition of a tariff and before the commercial production of raisins in California forced prices down to 3½ cents per pound, the average market price of raisins in the center of the industry, in Fresno, Cal., for a long series of years past proves the saying a fallacy where producers compete for a market for their product; the reason is obvious. the competition of upward of 3,000 growers, the condition now existing in California, and the producers of raisins from approximately 100,000 acres of land (giving an average of about 30 acres to the grower), who compete with one another in the disposition of their crops, keeps the price always at a small advance above the actual cost of production, and it often happens, in the eagerness of said competition, that prices go even below the price of production, the consumer meanwhile reaping all the benefits.

The California raisin grower is, however, seriously injured and prejudiced by the competition of the so-called "Zante currant," which in fact is not the product of a currant bush at all, but is the product of a vine, and is really a grape and in its dried condition a raisin.

We request, therefore, that in the coming tariff schedule it be provided that all so-called "currants" be required to be labeled and marketed as what they really are, viz, seedless raisins.

Under the name of "currants" this product has been admitted into the United States at a tariff of 2 cents per pound, and I herewith append a tabulation of the production and importation of raisins and currants separately, in parallel columns, to emphasize the fact that the additional tariff of one-half a cent a pound is required on currants to make it the same as the raisin, which it is, in order that protection be given to our producers of the so-called "Thompson's seedless"—the true Sultanina of Asia Minor and our seedless Sultana raisins, the competitors of the Zante currant, which latter is the dried product of a vine the grape of which is known as the "black and white Corinth."

In this behalf we beg to quote from the report of Mr. David G. Fairchild, agricultural explorer of the United States Department of Agriculture, to the Secretary of Agriculture, under date of April 5, 1901, in reference to the Corinth vineyardists of Greece, as follows (writing of a law enacted by the Grecian Government):

This law is unique and is well worth study. By its provisions every shipper of Corinths is obliged to deliver to the custom-house, together with his declaration of export, a receipt which shows that he has deposited in the stores established by the Government an amount equal to 15 per cent of the amount of Corinths which he wishes to export. The exporter puts on his bill which he forwards to the purchaser a statement of the amount ordered and its price, plus the price of 15 per cent of this whole order, which same he has been obliged to turn over gratis to the Government, according to the retention act. The foreign purchaser, in other words, when he buys a hundred tons of currants pays the shipper for 115, virtually making a present to the Government through the exporter of the 15 tons. The percentage of the retention is not always 15, but is a figure decided upon yearly by a committee of officials from the different centers of Corinth production. Last year, owing to the devastations of the mildew and consequent short crop, it was put down to 10 per cent. The Corinths donated, as it were, by the foreign buyer to the Greek Government are sold by the latter to local distillers, wine makers, etc., with the proviso that they be not exported as currants, but reduced to a pulp, sirup, or distilled product. The necessary precautions are taken to insure their not being illegally exported in the dried form.

While in general the grower sells all his fruit direct to the shipper, he often chooses to deliver his inferior grades to the retention stores, from which he receives a receipt which is in Greece a negotiable paper. These papers bring almost the same value as the current market value of the grade of corinths delivered.

With the retention stock of corinths the Government is able to foster native distilleries and wine makers, and with the moneys secured from their sale a bank has been started called the "Currant Bank," which loans money to the planters on their currant crop on the easy terms of 5 per cent, and assists them in other ways, as, for example, by importing copper sulphate for the treatment of the mildew. The bank will import this year 2,000 tons of bluestone for the preparation of Bordeaux mixture.

The effect of this ingenious law has been to bring up the price of corinths, which had gone down to $22 per ton, to the old figure which prevailed before the prohibitive French duty was put on, viz, to about $48 per ton, this latter being one which will insure to the producer a fair profit. This law reminds one of the Dutch methods employed in the early days of the nutmeg culture in

Banda, when the Government burnt in big bonfires on the beach thousands of pounds of nutmegs every year and advertised such destruction in the European market in order to quiet the fears of an over supply and keep up the high price of the product, of which the Government had a monopoly. The Greek law is only like the Dutch one in so far as it attempts to limit the amount put on the market instead of to increase the methods of distribution and encourage a more general consumption. It is more clever because it is directly levied upon the foreign consumer and makes a use of the surplus instead of destroying it.

From the tabulation below it will be seen that the importations of foreign raisins in 1887 amounted to 20,386 tons, of a value of $2,281,-981, while the production of California raisins at that time amounted to only 8,000 tons, of a value of $880,000. The importations of foreign raisins since 1887 have, as shown in the tabulation, steadily decreased, while the production of California raisins has as steadily increased, showing in 1907 (the last year for which the accounts have been made up) that the foreign raisin imports had declined to 1,983 tons, of a value of $364,403, while the production in California had increased to over 65,000 tons, of a value of $4,225,000.

Your attention is most especially called, however, to the very different condition shown by the appended tabulation in reference to the so-called "Zante currants." Their importation has steadily increased from 12,593 tons in 1898 to 19,190 tons in 1907, the value of the latter being given as $1,746,941. These currants, therefore, have filled the market for similar goods produced by California growers, and that, we believe, is owing entirely to the lower duty upon those so-called "currants," permitting them to be imported at less than raisin duty and coming into direct competition with the domestic producer. Were this remedied the seedless raisins of California production would, we feel convinced, shortly take their place and thus enlarge the market of California raisins to that extent.

We therefore request, first, that the present duty of 2½ cents per pound on raisins be continued and made to read to include all raisins, and that the present duty on currants of 2 cents be raised one-half a cent a pound, placing them on an equality with all other raisins, and that when imported they be required to bear their true appellation of "seedless raisins."

Year.	Raisins.			Currants.	
	Imports.	Value.	Production.	Imports.	Value.
	Pounds.		*Pounds.*	*Pounds.*	
1887	40,673,288	$2,281,981	16,000,000		
1888	40,476,763	2,070,120	19,000,000		
1889	35,091,139	1,736,786	25,000,000		
1890	36,914,330	1,997,103	38,000,000		
1891	39,572,655	2,018,879	52,000,000		
1892	20,687,640	964,309	57,000,000		
1893	27,543,563	1,266,342	89,850,000		
1894	13,751,050	551,081	107,520,000		
1895	15,921,278	651,420	95,610,000		
1896	10,826,094	460,200	70,960,000		
1897	12,650,598	567,039	94,154,000		
1898	6,593,833	381,889	81,271,000	25,186,210	$837,987
1899	4,933,201	282,400	72,068,000	30,849,253	798,357
1900	10,309,498	531,124	94,805,000	36,251,779	916,908
1901	3,860,836	297,631	74,360,000	36,149,196	916,974
1902	6,083,545	399,973	106,375,000	36,238,976	1,238,776
1903	6,715,675	476,844	120,410,000	33,878,209	743,644
1904	6,867,617	355,542	75,840,000	38,347,649	907,450
1905	4,041,689	273,631	87,885,000	31,742,919	764,289
1906	12,414,855	524,590	95,400,000	37,078,311	1,119,146
1907	3,967,151	364,403	130,375,000	38,392,779	1,746,941

Now, I have a large amount of tabulations and statements and so forth, and I would say for your information that we have had a statistician, a very able man, at work on this for months, and this is simply in addition to what I have presented here to bring out some special features.

Mr. UNDERWOOD. Do you give the cost of production in those figures?

Mr. TARPEY. No, sir.

Mr. UNDERWOOD. What is the cost of production?

Mr. TARPEY. As to the cost of production, the Government is the only one that I have ever been able to find that could state that. The cost of production on every 160 acres of land in the country is different.

Mr. UNDERWOOD. What is your cost of production?

Mr. TARPEY. Of what?

Mr. UNDERWOOD. Raisins.

Mr. TARPEY. We put raisins into the sweat box at between 2 and 3 cents a pound.

Mr. UNDERWOOD. What is your cost of everything except interest on your capital f. o. b. the cars for shipment?

Mr. TARPEY. We do not ship anything f. o. b. the cars. I am speaking from the grower's end of it entirely. The manufacturer's end is entirely separate from ours. We sell to the manufacturers, quite a number of them.

Mr. UNDERWOOD. What is the cost at the point of sale?

Mr. TARPEY. The cost at the point of sale is altogether dependent upon how much raisins the particular piece of land raises in a year.

Mr. UNDERWOOD. I asked you——

Mr. TARPEY. If you will excuse me, I will endeavor to answer you, and as definitely as I can. The cost of production differs with every year and every piece of land and all the conditions. One year you may have a crop that will be twice as large as another year. Your expenses will not increase anything like double. Another year you may have a very large crop, and your expenses may be more than they were the previous year. Of course you gentlemen, who are not engaged in agricultural pursuits, do not appreciate that as much as we do who are growing the stuff; but taking it one year with another, the cost will be in the neighborhood of 2½ to 3 cents. A great many people have gone out of business because their land did not produce enough to justify them in continuing in the business.

Mr. UNDERWOOD. Two and one-half to 3 cents a pound is a fair estimate of the cost of production at the point of sale?

Mr. TARPEY. Yes, sir; that is, delivered in the packing house.

Mr. UNDERWOOD. What do you sell them for?

Mr. TARPEY. We sell our product for that, and in that neighborhood. When I left there, there was quite a discussion as to whether they would get 2, 2½, 3½, and some were demanding 4 cents, and all kinds of prices; but there was very little selling, and what was selling was selling in the neighborhood of 3 cents.

Mr. UNDERWOOD. To bring it down to an actual case, what did your crop cost you to produce last year?

Mr. TARPEY. I do not know, because we have not made up the books for this last year.

Mr. UNDERWOOD. What did yours cost?

Mr. TARPEY. Personally I do not make them into raisins; I sell my grapes green. Therefore I can not tell what it cost last year. As a general rule they cost 2¾ cents. That would be a fair average.

Mr. UNDERWOOD. Do you not make any profit in raising your raisins?

Mr. TARPEY. Yes.

Mr. UNDERWOOD. What is that profit?

Mr. TARPEY. That differs. One year the raisin men sold their raisins for 1¾ cents. They did not make a profit. Another year they got 4 cents a pound, and they made a profit that year.

Mr. UNDERWOOD. What is the profit on an average crop at an average price?

Mr. TARPEY. Without talking about the interest on their land, because every man's land is valued differently——

Mr. UNDERWOOD. The profit stands for the interest on the investment.

Mr. TARPEY. Yes; the profit must stand for that. They expect to make—their reasonable presumption, and what we are trying to produce, is—1 ton to the acre. The profit on that 1 ton would determine what your profits would be for the year. Now, some of the land produces as low as half a ton. Those people are going out of business. Their land is not suitable. The average would be about three-quarters of a ton, take it the whole raisin crop over. That produces a profit of $45 or $50.

Mr. UNDERWOOD. Forty-five dollars or $50 an acre?

Mr. TARPEY. Yes, sir; without counting the interest on your land at all.

Mr. GRIGGS. Do you mean that is the net profit per acre?

Mr. TARPEY. I mean that is the net profit over the price of producing the crop, without taking into consideration the interest on the land.

Mr. GRIGGS. What do you count the interest on the land?

Mr. TARPEY. I suppose interest on the land is usually considered 6 per cent; a reasonable interest. Some men value their land at very much more that others do. Some land will produce twice as much a year.

Mr. GRIGGS. That is what I am asking you; what is the absolute interest, not the comparative interest?

Mr. TARPEY. Interest in our country is 7 per cent.

Mr. GRIGGS. Interest on what amount?

Mr. TARPEY. That is what I am trying to tell you.

Mr. GRIGGS. What is the land worth?

Mr. TARPEY. A real good vineyard is worth $300 an acre.

Mr. GRIGGS. And what you want to make on that is 7 per cent?

Mr. TARPEY. Yes.

Mr. GRIGGS. Before you begin to count your profits?

Mr. TARPEY. No, sir; we have to take the results in the market, however they come.

Mr. GRIGGS. Yes; I understand that.

Mr. UNDERWOOD. You assume the average value of the land at $300 an acre and your average profit at $40 an acre?

Mr. TARPEY. It would go $40 or $50 an acre.

The CHAIRMAN. You claim to produce the finest raisins in the world in California, do you not?

Mr. TARPEY. Yes, sir; and I was very much gratified, as a Californian, to hear so many encomiums on the California products.

Mr. UNDERWOOD. These currants are hardly up to the poorer class of imported raisins, are they?

Mr. TARPEY. No, sir; they fill a different place altogether. They go into buns and cakes and puddings and all that kind of thing.

The CHAIRMAN. And mince pie?

Mr. TARPEY. Yes.

The CHAIRMAN. Every manufacturer of mince-meat, while he may use some Zante currants, uses a good proportion of genuine raisins besides, does he not?

Mr. TARPEY. The Zante currant is not a raisin.

The CHAIRMAN. No; but they take the place of raisins in some kinds of cookery, do they not?

Mr. TARPEY. Yes.

The CHAIRMAN. If they do not, how do they interfere with your raisins?

Mr. TARPEY. Of course, the whole theory of the protective business is this: If our raisin business were injured to-morrow and our production commenced to decrease, the price of the goods abroad would increase and the consumer would be obliged to pay the difference. The mere fact that we produce so many raisins in California has driven it down by competition among the people themselves as close to the point of cost of production as a thing can possibly be, and the people get the benefit of that. The people who consume them get the benefit of it.

The CHAIRMAN. I can not quite see how this increased duty on Zante currants will help your raisin business.

Mr. TARPEY. It will help us in this way, that it will make a market for these seedless raisins we are producing, and the production of them will be more largely stimulated.

The CHAIRMAN. Not unless the Zante currants do take the place of raisins?

Mr. TARPEY. They do take the place of raisins.

The CHAIRMAN. That is what I thought.

Mr. TARPEY. They do take the place of raisins, and we are producing the same thing in the shape of what we call Thompson seedless grapes and seedless Sultana grapes, and we want to continue the production and propagation of that grape until we have enough to supply that market that is now supplied by the Zante currant. It gives employment to a large number of people and furnishes occupation to everybody.

The CHAIRMAN. I understand that. I was trying to see what effect the duty might have on the importation. That is all.

Mr. GRIGGS. With us, land that grows cotton is worth $30 to $50 an acre, and we make 7 per cent on that to start with, and then whatever profit we can get out of it.

Mr. TARPEY. Yes, sir.

Mr GRIGGS. Do you not think you are doing as well as we are, with the profit you are making?

Mr. TARPEY. The reason our profits are so low is from the fact——

Mr. GRIGGS. So low?

Mr. TARPEY. Yes.

Mr. GRIGGS. You get 7 per cent on $300 an acre to start with.

Mr. TARPEY. Very well; but our land is worth that. We can devote it to a great many other things.

Mr. GRIGGS. You get 15 per cent in all.

Mr. TARPEY. Yes; we make about that.

Mr. GRIGGS. Fifteen per cent on $300 an acre?

Mr. TARPEY. Yes.

Mr. GRIGGS. Do you not think you are pretty well off?

Mr. TARPEY. There is the investment on the land; and it is a very hazardous business. Some years it is like your cotton crop with the boll weevil.

Mr. GRIGGS. You do not think it is right and proper that you should be permitted by act of Congress to make 15 per cent on $300 an acre and we only make, say, 7 per cent on $50?

Mr. TARPEY. I do not know what you gentlemen make down there, but our land is especially adapted to that.

Mr. GRIGGS. You can not grow cotton in California.

Mr. TARPEY. I beg your pardon, we can. We grew it there, but the labor conditions were such that we could not harvest it. The labor conditions do not permit us to harvest it at all. Our labor condition is a very serious one in California all the time. Further than that, we do not know what time this pest and that and the other pest may attack us. We are threatened with the phlox worm in California. We have over $100,000,000 invested there.

Mr. GRIGGS. Mr. Dalzell over there has it in his State.

Mr. TARPEY. Yes.

Mr. GRIGGS. You will have to have a small appropriation from the Agricultural Department.

Mr. TARPEY. The Agricultural Department has not done much yet for us, but we expect them to. A man to be a horticulturist to-day must be more or less of an entomologist, and he must delve into science in order to protect himself against the many things that threaten his crops.

Mr. GRIGGS. You are the best set of farmers I know of.

Mr. TARPEY. We pride ourselves on it; but we spend our money royally when we get it.

Mr. NEEDHAM. The value of the land being $300 an acre, and the profit $40 an acre, that is $1,200 income on 30 acres.

Mr. TARPEY. Yes, sir; and we have holdings as low as 5 acres.

Mr. FORDNEY. Whether the value of the land is $30 an acre or $300 an acre, the point is the interest on your investment?

Mr. TARPEY. Yes. I told my friend here that that was the very best land. There is a great deal of that land that you could not sell for $50 an acre, and there is a great deal that does not produce anything, and the people unfortunately are in distress. That is a sorrowful thing to see in any farming community, where people are in distress; but it is because they are endeavoring to devote to a specific purpose land that is not suited for it. The raisin succeeds in Fresno County because of the lack of humidity in the summer. On a summer night a piece of jeweler's tissue paper has been staked out on the ground in the open after the sun went down, and taken up in the morning, and it was crisp and dry as it was when it was put

down. That enables us to dry our fruit as we do. And as for water, we have an abundance of it.

STATEMENT OF LOUIS J. SCARAMELLI, OF P. PASTINE & CO., 48 HARRISON STREET, NEW YORK CITY.

Mr. SCARAMELLI. Mr. Chairman and gentlemen, as a representative of the Italian Chamber of Commerce in New York, I have here a very long memorial, which I am not going to read, because otherwise I might have you all feeling kind of tired, but I am going to put this memorial on record, and I should like this honorable committee to read it at their leisure, because you will find there are some pretty good arguments in there concerning the importation of Italian products.

In addition to this memorial I want to make a few remarks to this honorable committee concerning a few articles, not as a representative of the Italian Chamber of Commerce, but as vice-president of P. Pastine & Co., of New York and Boston, and also of the importers in New York City; and what is more interesting to me, I want to speak in behalf of the United States consumers. The first article I would like to talk about is macaroni. P. Pastine & Co., of New York City and Boston, import 1,500,000 boxes of macaroni a year from Naples, and we also have a good interest in the plants manufacturing domestic macaroni. We have not been able to make good macaroni in this country. I do not know why; we do not. By rights we should ask a reduction of the duty on macaroni. On the other hand, we feel that we ought to protect the manufacturers of this country; but we positively protest that no raise should be given on macaroni, and for this reason: Something like two or three months ago there was a statement made that imported Russian wheat had been brought to this country and the duty paid on it, and it had been manufactured into macaroni and could be sold at the rate of \$1.18 or \$1.20, whereas imported macaroni made in Naples out of the very same wheat we can not afford to sell at less than \$1.35 to \$1.40. That is enough to show that the present tariff should remain as it is.

The second article I want to speak of is rice. I speak principally about Italian rice. I do not know any other rice except Italian rice, but it seems to me that the rate of 2 cents a pound is not correct. We demand that we should have a rate of 1½ cents a pound duty, as we think that should be enough, for this reason: I have been a traveling salesman for a few years myself, and have had experience, and I know that I have never been able to replace the sale of one bag of Italian rice with any other rice when Italian rice was selling high. Therefore, that shows that the consumers of Italian rice would not eat anything but Italian rice. It has a very characteristic quality, and it is used in a certain way in cooking, made into puddings, and so forth, a specialty of these foreigners.

Mr. GRIGGS. Will you permit me to ask you a question right there?

Mr. SCARAMELLI. Yes, sir.

Mr. GRIGGS. You say no rice has ever been raised to take the place of Italian rice?

Mr. SCARAMELLI. No; I did not say that. I said I never have been able to sell to any of my customers any other rice but Italian rice.

Mr. GRIGGS. That is what I asked you.

Mr. Scaramelli. Yes, sir.

Mr. Griggs. And they will pay any price for it?

Mr. Scaramelli. No; they will not pay any price. They will stay without rice; they will not buy it.

Mr. Griggs. All right.

Mr. Scaramelli. Now, inasmuch as this rice does not enter into competition with domestic rice, 1½ cents a pound is enough duty. You may ask me why a cent and a half is enough. If anybody ever goes down in New York through Mulberry street and in the Jewish district, if you make a practice of it you will find in front of all the stores there is a little ticket on everything, giving the price of an article, and you go there the next morning and you will find it is changed. Why? Because the consumers travel, and they are looking for the price. They know about the quality, because the foreign buyers know about it, and everybody is looking for the price. The fellow that comes to us is looking for the price. I think that the consumer, and no one but the consumer, would have the benefit of this.

Mr. Griggs. Still he would not give it up, even at 2 cents?

Mr. Scaramelli. He will not sell as much of it. If you sold at 1 cent a pound you would probably sell twice as much to-day.

Mr. Boutell. In what way would this half a cent reduction be carried on to the consumer; how would it manifest itself in the price of rice?

Mr. Scaramelli. In this way: For instance, Italian rice costs us, to import, 5¾ cents. There is no trust in the Italian provinces on rice or anything else.

Mr. Griggs. If the tariff was reduced, would you sell it at 5¾ cents?

Mr. Scaramelli. If the tariff was reduced, we would sell it at what it cost.

Mr. Griggs. You say it costs you 5¾ cents now to import. If the tariff was reduced, what would you sell it at?

Mr. Scaramelli. Half a cent cheaper.

Mr. Griggs. You would sell it at 5½ cents?

Mr. Scaramelli. No; it would be half a cent a pound duty less, and we would sell it half a cent a pound cheaper. The cost price is 5¾ cents, and the price of the retailer is 6¼ cents.

Mr. Griggs. You would sell it half a cent cheaper?

Mr. Scaramelli. Yes.

Mr. Griggs. If you got this reduction?

Mr. Scaramelli. Yes.

Mr. Griggs. What will the retailer sell it at?

Mr. Scaramelli. The retailer will have to sell it at the same price. Everybody goes around and asks the price of these articles.

Mr. Griggs. At what price would he sell it?

Mr. Scaramelli. The Italian rice is retailed to-day in New York City at 8 cents, and if this reduction of half a cent should be given, it would be sold at 7½ cents to the consumer.

The Chairman. You think a half a cent reduction in this duty would increase the imports?

Mr. Scaramelli. Yes.

The Chairman. That is the interest you come in?

Mr. Scaramelli. Yes; I think it will.

The CHAIRMAN. I say, that is the interest you have in the matter, that it would increase the imports?

Mr. SCARAMELLI. No, sir; the most interest I have, as I said in the beginning, is to give the consumer a little cheaper rice.

The CHAIRMAN. Would that reduce the price?

Mr. SCARAMELLI. It would reduce the price, of course.

The CHAIRMAN. Go ahead.

Mr. SCARAMELLI. Now, I want to talk about canned vegetables and canned fish. On these articles we do not demand any lower duty, but what we demand is a specific duty instead of an ad valorem duty. This ad valorem duty has given us a lot of trouble. I want to give you an illustration. Pastine & Co. have been established in the United States since 1874, and we have imported many million dollars' worth of goods, and we have entered our goods at cost—always at cost. We have not tried to rob the Government in any way; never did. There is nothing on record in Washington that can say anything about our concern. Many times we have had our prices raised by the appraiser. For instance, he would say, "Your price is wrong," and I go up there and show them what the goods cost me: I produce correspondence, private letters from other firms, showing that that is the market value, and they come back and say, "Another man has imported it and entered it at a higher price," and we are compelled to enter it at the higher price.

Mr. GRIGGS. Did I understand you to say that nobody could persuade those people to buy any other rice than that?

Mr. SCARAMELLI. No; they buy other rice, of course; but the fellow that buys Italian rice wants Italian rice.

Mr. GRIGGS. Did you ever try to sell it in South Carolina?

Mr. SCARAMELLI. Yes; we have customers in South Carolina that buy it.

Mr. GRIGGS. They do not want Italian rice down there?

Mr. SCARAMELLI. Yes; Italian rice; we sell once in a while a bag.

Mr. GRIGGS. Once in a while?

Mr. SCARAMELLI. Yes. There are not many Italians down there, but once in a while they ask for it. We have one family that uses one bag a month. Of course, that is quite a large-sized family, one of those like President Roosevelt likes, and they take usually one bag a month.

Coming back to canned vegetables, I said the Government sometimes raises our prices, and then we have gone there and shown what the goods cost us and the original invoices, and such things. Lately—two months ago—I personally was called up to the place, and they said, "Pastine, your goods you enter are low." and I went up there with the correspondence and all those things, and then they said: "Pastine, do you know anything about that the Italian manufacturers get a rebate on this?" I said "No." They said: "You had better find out and let us know, because if they get a rebate on things the market value is not what you are paying, it is that much more, and you are penalized therefor." We have written about these things, and some people say 35 cents and some 40 and some 50 and others say 75 cents. What I am driving at is this: That with all these questions, with all these cases before the appraiser, it costs us money, and we have to pay lawyers, and it takes time; and do you think for a minute we are going to lose this money? No, sir; we are going to raise

the price of the goods. Who will suffer? I will, partly, as a consumer, and so will the other people in the United States. All we ask is that this ad valorem duty be changed into a specific one. On the goods where there is a 40 per cent ad valorem duty we ask that 1 cent a pound on the gross weight of the goods should be charged instead, which is equal to the 40 per cent ad valorem duty. We ask for a specific duty, because we will then save all this trouble of these cases before the appraiser, and we will not be getting bills for damaged goods, and so forth.

As to the salt and canned fish, we ask for a specific duty of 1½ cents a pound on a package that contains so many cubic inches, and 2½ cents to 5 cents, and then have an ad valorem duty of 40 per cent for any other size. In one case it equals 2 cents a pound and in the other it equals 3 and 4 cents a pound. Why should we pay that difference? We ask that the duty of 2 cents a pound straight should be charged on all canned fish packed in cans, gross weight, the same as on the vegetables.

Here I have another interesting article, which is cheese. Reggiano, Parmesan, Gorgonzola, Roquefort, and Roman cheese are five cheeses imported into the United States and largely used. They are not made here; they can not be made here. They have tried to make them and they can not do it. The reason why I do not myself know, but I have been told by experienced people that pasture has a lot to do with it, and climate has a lot to do with it, and experience in making the cheese has a lot to do with it, and so it has been found impossible to do it.

The CHAIRMAN. What kinds of cheese are those that can not be made here?

Mr. SCARAMELLI. Reggiano, Roman, Gorgonzola, Roquefort, and Parmesan.

Mr. GAINES. How about limburger cheese?

Mr. SCARAMELLI. I am not discussing limburger cheese now. There is plenty of it made here, and good, too.

Mr. GRIGGS. Did you not say that Roquefort cheese could not be made here?

Mr. SCARAMELLI. Yes, sir.

Mr. GRIGGS. I thought you mentioned that.

The CHAIRMAN. Roquefort cheese is made in New York, is it not?

Mr. SCARAMELLI. Yes; but it does not compete with the imported.

The CHAIRMAN. I think they will get there on all the varieties, if they work at it.

Mr. GRIGGS. You said they could not make Roquefort cheese here?

Mr. SCARAMELLI. No; they have no sheep here.

Mr. GRIGGS. No what?

Mr. SCARAMELLI. No sheep to make it, and no special manufacturing plant.

Mr. GRIGGS. I have eaten good Roquefort cheese made in New York.

Mr. SCARAMELLI. Did you think it was good?

Mr. GRIGGS. I thought it was.

Mr. SCARAMELLI. Well, maybe you know more about it than I do. I want to sell the domestic Roquefort cheese myself, because I can make more profit out of it.

Mr. GRIGGS. You do not eat it, do you?

Mr. SCARAMELLI. Sometimes.

The CHAIRMAN. Some of the best grocers in the country sell domestic Roquefort cheese for imported cheese.

Mr. SCARAMELLI. That is new to me, if they do sell it for imported cheese. If they sell the domestic Roquefort for the imported article I must say that I do not know anything of that. Those people that I know are very reliable and honest people, and if they sell people domestic cheese they tell them so, and sell it as domestic cheese.

Mr. GRIGGS. They do that under the pure-food law.

Mr. SCARAMELLI. Yes, sir.

The CHAIRMAN. If I had more time, I would tell you more about that.

Mr. SCARAMELLI. Yes, sir. What we do in this line is done in competition with the domestic, and we say that a 6-cent duty is too much, and we ask a duty of 4 cents only, and the reason we ask for it is this: We have imported Swiss cheese that runs in competition with the domestic, and in this way, that the imported sells at 24½ cents, where the domestic sells for 12½ cents. Here we have 12 cents in favor of the domestic producer; there is that much difference in the prices of the cheeses. The quality is the only explanation, and if the domestic growers ever come to the day that they can make domestic Swiss as good as the imported it is reasonable to suppose that the domestic can be sold here much cheaper than the imported, and it is reasonable to suppose that everybody would use domestic if the quality is the same.

The CHAIRMAN. This grocery man I speak of did buy it cheaper, but he sold it at the same price as imported cheese.

Mr. SCARAMELLI. I do not know who he sold it to.

The CHAIRMAN. Well, I do. [Laughter.]

Mr. SCARAMELLI. Who did he sell it to?

The CHAIRMAN. Go on. I am not going to stop to tell the story now.

Mr. SCARAMELLI. If a man buys domestic Swiss for imported, he is either blind or—well, I don't know; I can tell the difference.

Mr. FORDNEY. Maybe he sold it to the chairman.

Mr. SCARAMELLI. Then the chairman ought to see the difference between domestic and imported, because there is a difference.

Mr. GRIGGS. Why should we take care of your Italian people who eat this cheese?

Mr. SCARAMELLI. For this reason, that it is not used only by the Italians, but the Americans eat it also.

Mr. GRIGGS. There are only two men on this committee able to buy it.

Mr. SCARAMELLI. There are eighty millions of people in the United States, and I hope there are some who will use it. In fact, there are a lot of them who use it, because the importation has been good enough; not as good as it ought to be.

Mr. GRIGGS. I do not know any reason why they should refuse to do it, if common American citizens eat it.

The CHAIRMAN. Do you not want to talk about any other food besides cheese?

Mr. SCARAMELLI. I am only here to explain how it can be easily reduced to 4 cents, and there will be twice as much sold as we are selling to-day, and the Government will get the revenue.

The CHAIRMAN. It appears to me you have exhausted that subject. Is there anything else you want to talk about?

Mr. SCARAMELLI. Yes; olive oil.

The CHAIRMAN. That is what I thought you were going to talk about in the beginning.

Mr. SCARAMELLI. I left that to the last, because it was the most important subject.

The CHAIRMAN. Go ahead.

Mr. SCARAMELLI. Olive oil is used not only by Italians, but by many Americans, and it has become a necessity to our table. Of the production of olive oil, so far as we know, it seems that 5 per cent is made in this country and 95 per cent must come from abroad.

Mr. GRIGGS. What do you do with the cotton-seed oil that we send over there?

Mr. SCARAMELLI. I do not know. Sometimes, before the pure-food law passed, some of it came back here. I do not know. Now, all we ask is that instead of 75 cents a gallon we should have a reduction to 30 cents and 20 cents per gallon on olive oil. As far as I myself am concerned, I believe we should get it free, because I think it has become a necessity to all of us. We are educating our children to take a little every morning, and we use it as a medicine. The Italian Chamber of Commerce say in their report, and they ask that the duty should be reduced to 30 cents a gallon on olive oil in bottles, jars, tins, or similar packages, and to 20 cents a gallon on olive oil in bulk, including tins from 5 gallons upward, thus giving the American manufacturers the chance to pack this in tins and not in bottles.

As far as the revenue to the Government is concerned, I know there is a large revenue coming from the olive-oil products, and coming down to 20 cents a gallon in barrels it might mean a reduction in the revenue. Then, again, why do you not raise lots of this stuff? It is becoming a necessity for our consumers, and we believe it is right for them to have a reduction on the olive oil.

The following memorial was submitted by Mr. Scaramelli:

MEMORIAL OF THE ITALIAN CHAMBER OF COMMERCE IN NEW YORK TO THE HOUSE COMMITTEE ON WAYS AND MEANS ON THE REVISION OF THE PRESENT TARIFF LAW—SCHEDULE G, AGRICULTURAL PRODUCTS AND PROVISIONS.

The Italian Chamber of Commerce in New York, a commercial body of American citizens, incorporated under the laws of the State of New York, representing important interests in both trade and consumption of Italian as well as of domestic products in the United States, and especially identified with the interests of agricultural products and provisions covered by Schedule G of the tariff law, respectfully submits to the consideration of this honorable committee, for adoption, the following recommendations respecting duties on articles coming under said schedule.

This chamber believes that its recommendations will receive greater attention and carry greater weight with this honorable committee if the most relevant motives and facts that justify their suggestion be stated before those having a specific relation to each singular article.

One of the most remarkable features of the economic intercourse between this and foreign countries during the last decade, namely, since the operation of the present tariff, has been the development of

immigration to an unprecedented number, which was in itself both a consequence and a factor of the prosperity that until recently has marked the progress of this great nation, and we trust will mark it even in a greater measure in the future. This immigration, which has brought to our shores for the period stated 7,500,000 people, about 3,900,000 of whom are from Mediterranean countries, and about 1,754,000 from Italy alone, adding new useful strains to the already cosmopolitan character of the population of this country, has, by reason of its habits and tastes, determined a notable increase in the import trade from the Mediterranean countries, whence most of this population originates, as well as in the consumption of such American products as it is possible to obtain in this country on the lines of those originating from the old countries. Thus, importations from Italy, for instance, from a little over $20,000,000 in 1898, increased to about $50,500,000 in fiscal year 1907, the increase being chiefly in articles of food.

But it must not be understood that this inflow of alien population did not advantage domestic industries as well, for the great development shown by such domestic industries as the macaroni, wine, and prepared-meat industries was in no small measure due to the demand arising from this increased immigration.

The development of these industries—due mainly to immigration from Mediterranean countries—has not probably attracted as much attention as it deserves from the great body of native American population, by reason of the difference in habits and tastes and the comparatively little interest that is taken in the newcomers, save as a source of much exaggerated and unwarrantable fear of competition in the labor market.

While from a superficial survey it would appear as if the interests of the domestic industries profiting by such immigration were opposed to those of the import trade from the countries of origin of this immigration, from a deeper study and analysis of actual conditions and facts, and their mutual relations, it is evidenced that the continuance and increase of this import trade is as necessary to the success of kindred domestic industries as this statement may at first seem paradoxical. The reasons are that the importation of such articles is first of all the preliminary and necessary step to the cultivation and maintenance of the habits and tastes upon which is based the consumption, not only of the foreign, but also of the similar domestic article; second, that the importation is the necessary safeguard for the continuation of the supply in cases of short crops or limited output or other causes, and the safety valve against any attempt of monopoly to the detriment of consumers; third, the fact that some of these articles, such as Roman cheese, are only produced abroad, or are yet and can only be produced in limited quantity, or can not be produced at all at reasonable price in the United States, such as olive oil; and last, the fact that the importation of several foreign food products bears such relation and interdependence, not only to other foreign articles, but also to articles of domestic production, that this importation is necessary to the home manufacturer in order to develop the consumption of his own product.

Thus, for instance, the importation of Parmesan and Roman cheese, which are not produced at all in this country, and that of tomato paste is as essential to the consumption of domestic macaroni,

because such products are used in the preparation of this food according to the taste of the consumers as is that of olive oil, used as condiment, to the consumption of New York or California beans, or of American codfish.

The above stated arguments, showing interdependence between foreign and domestic interests rather than opposition, or no reason for other than revenue duties on articles not produced or of impracticable production in the United States, should carry weight with this honorable committee in refusing to increase duties on articles under Schedule G, which are already amply protective, and to consider, on the other hand, favorable reductions on such articles as are now too heavily taxed, especially when is considered their economic function as a factor of consumption for other products, both domestic and foreign.

Another important fact pertinent to the present tariff law under Schedule G, upon which this chamber desires to draw the attention of this honorable committee, is the inconvenience of the present system of ad valorem duties, or of combined ad valorem and specific duties.

While, theoretically, an ad valorem duty system would seem the most logical way of collecting revenue upon imported merchandise, in the same way, for instance, as a gradual income tax theoretically appeals as the fairest system of public taxation, practically the ad valorem duties and the system of duties, ad valorem and specific combined, has not proven, under the line of goods covered by Schedule G, a desirable or fair system such as to conciliate without vexation or friction, or with a minimum of these, the interests of trade with those of revenue.

The difficulty inherent to ascertaining the market value of a foreign article, all the greater in countries where, by reason of want of industrial organization and systematic commercial methods, the causes and range of variability of such market value are numberless, sudden, and indefinite, and the penalties and losses often incurred by importers through absolutely no fault of their own, as well as the uncertainty and retarding influence on trade unavoidable while such system obtains; in brief, the hardships experienced by importers in consequence of this system of duties are more than sufficient to substantiate a plea for the substitution of specific duties to ad valorem or combined and ad valorem duties.

Specific duties, fixed for each article (when no decrease of present ad valorem rate is asked for) at a rate corresponding to the quotient obtained by dividing the total revenue (fines excepted) derived from such article by the quantity of said article imported during a given number of recent years, sufficient to establish a fair average, should be substituted for the present ad valorem duties. The collection of such specific duties would entail less expense and eliminate the friction and vexation that is almost unavoidable with ad valorem rates, while the importer would know exactly where he stands in the matter of duty outlays.

From the foregoing preliminary statement of basic facts and reasons underlying the revision of duties coming under Schedule G, pleaded for by this chamber, this institution passes to the following specific recommendations for singular articles:

SCHEDULE G.—*Agricultural products and provisions. Breadstuffs and farinaceous substances.*

229. Macaroni, vermicelli, and all similar preparations.

The Italian Chamber of Commerce in New York, considering that goods under this paragraph, now paying duty at the rate of 1½ cents per pound (which, at an average selling price for domestic macaroni in New York of about 3½ cents per pound, is equivalent to a protection of about 45 per cent on domestic product), represent practically a staple of consumption for a large number of population of foreign birth; that domestic have over foreign manufacturers, besides the protection of the duty, the additional one of the maritime freight (7 cents per box of 22 pounds, or about one-third of 1 cent per pound); that American durum wheat flour enters now to a greater extent than heretofore into the manufacture of imported macaroni in substitution of Russian durum wheat flour, thus advantaging American agriculture; that the importers of macaroni have over domestic manufacturers, who prepare the goods according to demand, the disadvantage of cold-storage charges in order to prevent deterioration during hot weather; therefore recommends that no increase be made in the rate on macaroni and kindred products, as any such increase would not benefit the domestic manufacturer owing to the cheaper grade of macaroni made in this country, and would only prejudice the consumer, who demands the foreign article for certain specific qualities. American macaroni made from Russian wheat flour sells, after paying duty on flour, at $1.18–$1.20 per case of 22 pounds, against an average price of $1.35–$1.40 for imported macaroni, which shows that macaroni can be sold even with foreign wheat flour cheaper in the United States than abroad.

232. Rice, cleaned.

The Italian Chamber of Commerce in New York recommends a reduction of duty under this paragraph. Foreign rice pays a duty of 2 cents per pound, equivalent to a protection from 30 to 47 per cent on the domestic article, taking the extreme prices of domestic rice at 4¼ and 6½ cents per pound. The fact that the best grade of South Carolina rice sells even at a higher figure than the imported, notwithstanding the duty that the latter has to pay, shows that there is no need of much fiscal protection on this article, the production of which has increased at the rate of about 400 per cent during the last decade, especially in the rich, dark, loamy soils of Louisiana and prairie lands of eastern Texas; so that in point of value rice is now the twelfth crop of the United States, with a total production for 1907 of 963,500,000 pounds, and a considerable export trade that depends upon the outcome of the crop, and reached in 1905 about 75,000,000 pounds, against about 43,500,000 pounds imported in the same fiscal year and 71,333,000 pounds imported in fiscal year 1907, in which latter amount Italy participated with about 3,000,000 pounds.

Italian rice is demanded in this country for certain specific qualities of its own, which are essential in the preparation of certain food, and, as for this purpose it can not be substituted, this chamber recommends that the duty on this article be reduced to 1½ cents per pound in order to relieve the consumer of the present too onerous rate.

Dairy products.

237. Cheese.

The Italian Chamber of Commerce in New York, under this paragraph, taxing cheese with a duty of 6 cents per pound, has the following remarks and recommendations to make:

While the better paid kinds of imported cheese can stand this duty, in the case of the cheaper denominations it should, out of equity, be reduced proportionately to the lesser cost of the cheese, on the principle, however, of a specific duty. It does not seem right that a cheese selling at 20 cents per pound should pay duty at the same rate as one selling at 30 cents, but there should be a classification of cheese according to its description, and duties fixed specifically and differently for each kind of recognized commercial description. This would bring about a better distribution of the burden of duty.

The duties should be lowest on such cheese as Roman, Parmesan, Gorgonzola, etc., which are not or can not be produced in the United States, and therefore do not come into competition with any domestic product, while a lower rate of duty than the present on such cheese would not only encourage consumption but also secure increased revenue to the Government, and indirectly favor the consumption of other articles, both domestic and foreign, to the use of which cheese is tributary or helpful.

In any case the duty on cheese, if not better arranged by a scale of specific rates proportionate to the value represented by each singular description, should not be increased, as it is already equivalent to a protection of 38.7 to 300 per cent in favor of the domestic article. There is, perhaps, no other article as cheese which is demanded for certain specific characters of flavor and appearance peculiar to its own particular description, in which kind and quality of milk, process of manufacture and curing, aging, season of make, climatic conditions, country of origin, etc., are factors that can not often be reproduced at all outside of the foreign district where that given description of cheese is produced. Hence in the case of most descriptions of imported cheese it can not be said that the foreign article competes with the domestic or that the latter can substitute the former in the demand of consumers. Therefore any increase of the duty would not advantage domestic production and only hurt consumption and revenue, while a reduction of the present rate to 4 cents per pound is recommended by this chamber, especially for Roman, Parmesan, Reggiano, and Gorgonzola cheese for the aforestated reasons.

Farm and field products.

The Italian Chamber of Commerce in New York, in connection with this group of Schedule G, asks that no increase be made in the present duties on the following articles:

240. Beans, 45 cents per bushel of 60 pounds, because this rate gives already a protection of 18 or 20 per cent to the domestic product.

249. Garlic, 1 cent per pound, this being already equivalent to an increase of over 36 per cent in the cost of such article, which does not compete with any product of the United States and is consumed only by people of foreign extraction.

On paragraph 241 this chamber pleads for the substitution of the ad valorem rate of 40 per cent on all vegetables, prepared or pre-

served, such as tomatoes, artichokes, and peppers in tins, tomato sauce and tomato paste, with a specific duty for the reasons previously stated, and pleads moreover for a lower rate based on the following:

1. Because in the case of preserved tomatoes the cost of production and selling price is much lower in this country than it is in Italy. In fact, this article is quoted as low as $0.75 per dozen of 3-pounds tins f. o. b. at factory, Baltimore, Md., against an equivalent of $0.86 for similar goods f. o. b. Naples, thus enjoying already a natural protection of about 23 per cent, to which must be added a duty protection of 40 per cent, making a total protection, both natural and fiscal, of 69.5 per cent. If we add freight charges to the figures above stated (freight from Naples to New York 10 cents, and from Baltimore to New York 5 cents), the cost of 1 dozen 3-pound tins of Naples tomatoes in New York will be $1.30½ against $0.75 for the Maryland tomatoes.

Other disadvantages in the case of the foreign article that tend to increase the protection to the domestic are the following: Freight is cheaper in the case of the domestic article on account of the possibility of making carload rates, which does not exist in the case of the imported article distributed in smaller lots; the chances of and losses from swelling are greater in the case of the imported than of the domestic article, owing to the change of climate and sea journey.

2. Because in the case of tomato sauce and likewise for artichokes and peppers in tins these articles are used exclusively by people of foreign extraction, are not produced in the United States, and therefore do not compete with any domestic product, thus eliminating any motive for protection, while for revenue a duty of 40 per cent ad valorem is decidedly too high, considering the low cost of such articles. Tomato sauce, for instance, sells from 2½ to 4½ cents per 7-ounce tin.

3. Because in the case of tomato paste, prices of tomatoes being cheaper in this country, the cost of the paste is consequently cheaper, and therefore there is no need of protection, there being already a natural protection in the cheaper cost of the goods.

4. Because both tomato sauce and tomato paste are tributary and helpful to the consumption of other articles, both imported and domestic, such as macaroni, and therefore their importation ought to be facilitated in the interests of producers, revenue, and consumers.

Should the present ad valorem rate of 40 per cent be changed to a specific duty by weight, the rate should be 1 cent per pound gross weight.

If this honorable committee does not see its way to grant the specific duty on canned vegetables, including tomato sauce and tomato paste, we particularly ask that the specific duty be granted on bulk goods.

Referring to paragraph 257, fixing a rate of 25 per cent ad valorem on vegetables in their natural state not specially provided for in the tariff applicable to lupini, which is an article scarcely worth at primary market 2½ cents per pound, not produced in the United States, and consumed mostly by the poorer class of people, this chamber recommends a specific and lower duty of one-fourth of 1 cent per pound in lieu of the present ad valorem rate, which is too high for merchandise representing, as a rule, a low value.

Fish.

The same recommendation submitted in the case of other articles for a specific and lower duty in lieu of the 40 and 30 per cent rates ad valorem existing under paragraph 258 relating to fish packed in oil or otherwise, in bottles, jars, tin boxes, or cans, is made for such articles as anchovies, sardines, tunny fish, sardels, etc., as present rates for articles the market value of which in the countries of production is already high, viz: 175 lire per 100 kilos in the case of tunny fish, 125 in that of anchovies, and 60 lire in that of sardels, are excessive, find no justification as protective rates, no such fish being packed in the United States, while they only hinder consumption and are not as responsive to revenue as milder rates would be, by bringing the price of these commodities beyond the reach of the less fortunate classes of consumers.

The present specific duties on anchovies, sardines, etc., in oil, or otherwise prepared or preserved, of 1½ cents per package on packages containing 7½ cubic inches or less, and of 2½ cents per package on packages containing more than 7½ and not more than 21 cubic inches, and of 5 cents per package on packages containing more than 21 and not more than 33 cubic inches, and of 10 cents per package on packages containing more than 33 and no more than 70 cubic inches, which figures about 1 cent per pound, while all other size packages are taxed at 40 per cent ad valorem, which figures about 4 cents a pound, with no explanation on record that would justify such enormous difference of duty on the same article, show that a change is required out of equity, and this chamber proposes a specific duty of 2 cents a pound gross weight, instead of the 40 and 30 per cent ad valorem rates now obtaining.

If this committee does not see its way to grant said specific duty on canned fish preserved in oil, salt, or brine, we particularly ask that said specific duty be granted on bulk goods.

Fruits (other than citrus) and nuts.

The California production of nuts is far from sufficient for the needs of consumption, as demonstrated by statistics, which show a notable increase in the importation of almonds, walnuts, filberts, and chestnuts, foreign countries still supplying 55 per cent of the consumption. The present duties of 4 cents per pound on unshelled almonds (par. 269), of 3 cents per pound on filberts and walnuts (par. 270), and of 1 cent per pound on chestnuts (par. 272), equivalent to a protection of 30 to 35 per cent in favor of the domestic interests are therefore, in the opinion of the Italian Chamber of Commerce in New York, burdensome to consumers, causing them to pay for these commodities higher prices to the extent of the protection stated, which can not but unfavorably affect the consumers, as it will require many years before domestic production reaches a position adequate to the needs of consumption.

The duty on chestnuts, considering the alarming progress that the chestnut-bark disease is making in this country, which if it progresses at the present rate will destroy in a few years all chestnut trees in the United States, should be abolished, and this nut placed on the free list in order to enable the foreign supply to fill the defi-

ciency in the American production caused by the disease in question, without consumers having to pay a too high price for this article.

The duties on the other kinds of nuts should at least not be increased.

The duty on figs of 2 cents per pound (par. 264), equal to an increase of about 40 per cent on the market value, should be reduced, as California is not yet in a position to supply the needs of consumption, her contribution in this direction being about 10,000,000 pounds, against 24,330,000 imported from abroad.

Likewise the present duty of 25 cents per gallon on olives, green or prepared in bottles, jars, or similar packages, and of 15 cents per gallon on the same product in casks (par. 264), representing an increase in the original cost of at least 75 per cent, should be reduced to 10 cents per gallon for such goods in casks, as comparatively small is the production of olives, nor can it ever amount to such proportion as to warrant a sacrifice on the part of consumers. In 1899 the total crop of olives in California amounted to 5,040,227 pounds, the number of trees reported to the Twelfth Census on June 1, 1900, being 1,530,164. Owing to the slow growth of the olive tree, it would require many years for new plantations to come into full bearing, and with the high cost of labor in California the olive industry can not be expected to develop to any notable extent, for the present at least, as cheap labor is required for the gathering of the fruit. In the meantime, at the present rate, consumers would have to pay a high protective duty, while there is practically little to protect.

Olive oil.

For the same reason this chamber enters a plea for the reduction of duties on edible olive oil, which, although not coming under this schedule nor paragraph, but under Schedule A, oils, paragraph 40, is considered a provision, and pays duty at the rate of 40 cents per gallon in casks and 50 cents per gallon in bottles, jar, tins, or similar packages.

Though it is known that California produces some olive oil, the amount made is yet very small (only 280,000 gallons in 1907), especially when considered in comparison with the needs of the consumption, which has been increasing notably of late years (from 736,000 gallons in fiscal year 1898 to 3,449,517 gallons in fiscal year 1907, of which 2,266,186 imported from Italy alone), in consequence of the great inflow of population from Mediterranean countries, for whom this condiment is as indispensible as butter is to the native American, and also on account of the spread of its use amongst the latter.

The price of California olive oil is so high (such fancy price as $2.75 per gallon being demanded), owing to the very small quantity produced, that from a commercial standpoint to actual consumers of this article the production of California is practically as if it were nonexistent.

The day may come when California will be able to increase her production to more relevant size, and we hope it will, but it is reasonable to believe that the product obtained in California on a much larger scale than is produced to-day will unquestionably reduce the

cost of production; and a duty at the rate of 30 cents per gallon on olive oil in bottles, jars, tins, or similar packages and of 20 cents per gallon on olive oil in bulk is more than enough leeway to protect domestic interests.

Except for revenue purposes, it seems to this chamber that it is futile to maintain such high duty as the present on an article as this, which is practically not produced in the United States, is a prime necessity to a large class of consumers, and the consumption of which, both as food and medicine, if favored with a lower tariff, as this chamber recommends, bids fair to grow to much larger proportions not only among people of foreign extraction but also among native Americans, which would amply compensate the revenue for any reduction of duty.

Therefore this chamber recommends that the duty on edible olive oil be reduced to 30 cents per gallon on olive oil in bottles, jars, tins, or similar packages, and to 20 cents per gallon on olive oil in bulk, including tins from 5 gallons up.

This chamber recommends further that olive oil imported into this country for manufacturing or industrial purposes, and as such admitted free of duty, be denatured before being allowed free entry.

Meat products.

The Italian Chamber of Commerce in New York notes that the duty of 5 cents per pound on hams (paragraph 273), equal to a protection of about 25 per cent, and the duty of 25 per cent ad valorem on prepared or preserved meats of all kinds, in a country like this, where pork is produced much cheaper than abroad, as shown by the enormous export trade of such article, is not only superfluous, but hindering what little demand there is for imported hams, which are occasionally patronized by consumers of foreign extraction, more on account of the special way in which they have been cured and flavor developed than to any such extent as to lead to the idea of competition with the domestic product. Prices themselves prove that there is not the slightest possibility of competition between the foreign and domestic article.

While Chicago ham sells on this market around 18 cents per pound, the cheapest imported sells for 27 cents and the best imported for 35, so that the duty of 5 cents is simply a tax placed on the consumer. This chamber, in regard to the rate of 25 per cent ad valorem on prepared or preserved meats of other kinds, reiterates here the recommendation made elsewhere for a specific instead of an ad valorem duty.

In conclusion, the Italian Chamber of Commerce in New York hopes to have demonstrated, with the foregoing recommendations, to the satisfaction of this honorable committee the advisability:

First. Of substituting to the ad valorem rates under Schedule G specific duties, better responsive to the interests of revenue, import trade, and consumption.

Second. Of abolishing, in case ad valorem rates are maintained, the present system of additional duties or penalties for undervaluation, and only the regular duty to be paid on the reassessed valuation of the goods.

Third. Of reducing the duties on such products as are not or can not be produced in the United States through the absence of economic factors which can not be remedied with the tariff, or on such products as are not produced in the United States in sufficient quantity or of the quality required by consumers, so as to encourage not only their consumption, but also that of correlated articles, both domestic and foreign, and thus benefit consumers, to the advantage of revenue and domestic industry.

Respectfully submitted.

E. MARIANI,
For the Italian Chamber of Commerce in New York.

[No connection in copy.]

law, or in the free list; that is, you will not find it under its true designation, as "casein." You will find it under another name, "lactarene," as article 594 on the free list.

Mr. GRIGGS. Casein and lactarene are not the same thing?

Mr. BURDETTE. They are the same thing.

The CHAIRMAN. Proceed.

Mr. BURDETTE. Casein is the product of skim milk, which, being soured either by the processes of nature or by the action of a chemical, is precipitated, dried, ground, and finally becomes an article which is used in various manufactures, but perhaps principally—and the use in which I am interested and for which I now appear—in the manufacture of highly coated papers. Coated papers are what the ordinary layman would perhaps call glazed papers. They are the very smooth-surfaced papers which are used in magazines, for the printing of illustrations, and are used in the Government Printing Office for the printing of high-grade publications. It is an article, therefore, in which all paper manufacturers of the country who are engaged either in whole or in part in the manufacture of so-called coated papers are very much interested. In order that you may know the people who are interested in this subject at this moment before your committee, I should say that I come here to represent the following: The Champion International Company, with mills at Lawrence, Mass.; S. D. Warren & Co., with mills at Cumberland and Westport, Me., and offices at Boston, and the West Virginia Paper Company, which has its mills in West Virginia and its offices in New York. These three companies alone have a combined capitalization of something like $20,000,000. I have, however, been requested to represent as well the members of the so-called National Association of Coated Paper and Board Manufacturers, which has a membership comprising the following concerns: Louis De Jonge & Co., New York City; Niagara Surface Coating Company, Niagara Falls, N. Y.; Wabash Coating Mills, Wabash, Ind.; Nashua Card, Gummed and Coated Paper Company, Nashua, N. H.; Merrimac Paper Company, Lawrence, Mass.; Doty & Scrimgeour, New York City; United States Printing Company, Montclair, N. J.; Martin Cantine Company, Saugerties, N. Y.; E. G. Locke, Camden, N. J.; Dill & Collins, Philadelphia, Pa.; Riverview Coated Paper Company, Kalamazoo, Mich.; Holyoke Card and Paper Company, Holyoke, Mass.; Pepperell Card and Paper Company, East Pepperell, Mass.; United Manufacturing Company, Holyoke, Mass.; Paw-

tucket Glazed Paper Company, Pawtucket, R. I.; Champion International Company, Lawrence, Mass.; A. M. Collins Manufacturing Company, Philadelphia, Pa.; National Coated Paper Company, Pawtucket, R. I.; Rhode Island Cardboard Company, Pawtucket, R. I.

You will notice, gentlemen, that these mills are not interested in the production of news paper, but only in the production of the high-class coated or glazed paper, to which I first referred. There has been some apparent endeavor before your committee on the part of the various gentlemen to whom I have listened to get into the class of those who are speaking for the consumers; and while there has been some doubt thrown on the status of everybody who has yet advanced that claim, it is perfectly apparent that I, at any rate, appear for the consumer, and the consumer only, to wit, these numerous and important manufacturing corporations who depend very largely on the use of this casein as the essential element in the manufacture of their goods. The importance of this article—casein—will be shown by a very few figures. The Champion International Company, of Lawrence, Mass., consumes in the course of the year about 1,700,000 pounds; S. D. Warren & Co., of Boston, Mass., consume in the neighborhood of 1,500,000 pounds; and the West Virginia Paper Company, being the third of the three companies for which I particularly appear, has a consumption of about 600,000 pounds, making an aggregate consumption of nearly 4,000,000 pounds by these three consumers alone. The ruling rate for that article is about 8 cents a pound, and our three mills therefore invest per annum in that one article essential to the manufacture of their product about $300,000. The duty which it has been attempted to impose upon this article, and concerning which I wish to say a few words a moment later, is at the rate of 20 per cent ad valorem; and assuming that the 8 cents per pound is a price which covers the duty, it follows that the duty would be about 1⅓ cents a pound; and applied to the consumption of these three mills alone, it shows that in duties, if this article were subject to duty, they would pay about $50,000. I have said that you would not find it in the tariff except under another name. Beginning as far back, I think, as 1899, there was an attempt made, nominally, at any rate, in behalf of the Government of the United States, to impose upon the importation of this article a duty, as I have said, at the rate of 20 per cent ad valorem. The right to impose that duty has been contested from the beginning, and it is an interesting circumstance that since this week began the circuit court of the United States for the southern district of New York has determined—at any rate for that jurisdiction—that the duty can not be imposed, on the ground that "casein" is nothing in the world but another name for "lactarene," which is on the free list, being the only article named in section 594.

Mr. UNDERWOOD. You want casein to continue on the free list?

Mr. BURDETTE. I ought to say that the object of our appearance is this, to make sure that the committee understand the desire of the people whom I represent and appreciate the importance of keeping this upon the free list.

Mr. GRIGGS. What do you make out of casein?

Mr. BURDETTE. I will answer that in a moment. More than that, we desire that the word casein, as such, shall be inserted in connection with lactarene. I think the real way to do it would be to add the

words " or casein " after " lactarene," because I think the result of the litigation thus far shows that " casein " is merely another name for " lactarene." I think you asked me what we made out of casein?

Mr. GRIGGS. What is made out of it?

Mr. BURDETTE. What is made out of it?

Mr. GRIGGS. Yes.

Mr. BURDETTE. It is a product of milk, as I said. It is practically nothing in the world but skim milk which has been soured, dried, pulverized, and is then ready for use not only in the manufacture of this glazed paper, or rather for use in glazing paper which has already been manufactured, but is also used in confectionery, and as glue stock, and as a substitute for albumen in some cases, and as a substitute for other minor articles. I do not recall now just what. In order that the record may be clear as to casein being nondutiable under the present law, I would like to name the cases in which that has been determined. The first case was that of the Merchants' Dispatch Transportation Company *v.* The United States (121 Fed. Rep., 443). The second case was that of the Ducas Company *v.* The United States (143 Fed. Rep., 362). The next case was that of the United States *v.* Brownell (159 Fed. Rep., 219); and that is the case which has during the current week been sustained in the circuit court of appeals in the city of New York.

Mr. CRUMPACKER. It is clearly established by the decisions of the courts now that under the term " lactarene " casein is admitted free of duty?

Mr. BURDETTE. Yes.

Mr. CRUMPACKER. So that there is no question or controversy about that now?

Mr. BURDETTE. No, sir; except so far as it is possible, if it is possible, to renew the decision by a writ of certiorari to the Supreme Court of the United States.

Mr. CRUMPACKER. It is suggested in a memorandum that I have here that " lactarene " be dropped and " casein " substituted.

Mr. BURDETTE. I think that would be of doubtful propriety, although I am not prepared to say it would not be proper, because lactarene is a substance that has been known by the trade since 1848. A Scotchman invented what one of the encyclopedias says he very inaptly termed " lactarene." It appears that that commodity under that name got into use in the United States and continued to be known by that name down to a comparatively recent time. There were certain difficulties in the use of lactarene at that time which are not at present known—for instance, the presence of an abnormal proportion of fat—but finally there was organized in this country a company known as the Casein Company of America, and, as nearly as I can make out from the record which is open to us in this connection, that company pretty nearly coined this word " casein."

Mr. HILL. What is the cost of making this article and what is the total production in the United States?

Mr. BURDETTE. I can not tell you; I have no figures; but I am proposing to show directly that the production in this country is not only insufficient to meet the needs of the paper manufacturers, but the conditions are such that its supply can not be increased.

Mr. HILL. You do not know how many factories there are making it?

Mr. BURDETTE. I can not tell you that; no, sir.

Mr. HILL. I mean independent factories.

Mr. BURDETTE. There are practically no independent factories. This Casein Company of America and one other concern have, as I am informed and believe, a practical monopoly of the furnishing of casein in this country, and that is a fact which I think is of some consequence in this connection. I have in my hand a brief in the case of the United States, appellant, *v.* Brownell, in the circuit court of appeals in New York, in which there is this statement, which I think is in accordance with the fact, the statement being made by the Government:

It is submitted that this fact alone, to wit, that both of these large companies (and the only companies practically engaged in the business) are known as "casein" companies, and that they are dealing with a commodity which is actually and commercially at all times and under all circumstances called "casein" is sufficient to justify the Government in its contention herein.

Mr. HILL. Is the reason that they control the product, or is it a patented product?

Mr. BURDETTE. It is patented, too. That is a circumstance to which I shall also refer directly. The Casein Company of America holds quite a number of patents, and they have used the ownership of those patents now for many years in connection with this litigation, attempting to impose a duty upon this article which has turned out to be nondutiable, to exclude from the market practically everybody but themselves. I do not know that I should have said very much about that if my attention had not been called to it.

Mr. GRIGGS. Do you mean to say that the Casein Company of America is trying to drive out lactarene?

Mr. BURDETTE. No, sir; it is trying to control the market for casein, because casein is the only article that anybody is particularly interested in. I doubt whether lactarene is of commercial interest to anybody, but lactarene in the form of casein is of large interest.

I want to state what I believe to be the fact. This Casein Company of America—and I am finding no fault with it, in a way—has the monopoly of this business in this country, and to all intents and purposes we are dependent for the production of our article upon its furnishing us casein at this moment; and, so far as we know, in the immediate future, and we therefore perhaps put ourselves in some position of peril to be here advocating the putting of this article on the free list; and yet the importance of it is so great to those in this industry—manufacturing paper—that we desire to do this. In 1894 an extraordinary incident happened in connection with this litigation. The Casein Company of America was itself conducting a case before the United States Board of General Appraisers, in New York, testing the dutiability of the article, and as the appraisers say in their decision, which is public property, of course, after the board had come to a decision that the article was not dutiable and that the protest was to be sustained, they received a request from this very company, the complainant or the protestant in that case, asking that they be allowed to withdraw their protest, and they say significantly in this decision, "We are unable to state the reason why this extraordinary request was made at this extraordinary time"—I am not undertaking to quote the exact language—"but it is binding upon us; and, although we have decided that this is not subject to duty, the with-

drawal of the protest is allowed, although we do not confirm the action of the collector in imposing the duty."

The large territory from which skim milk, from which casein is manufactured, is to be obtained outside of this country, is the Argentine Republic, and according to our information and belief this casein company of America prior to the time of the withdrawal of their protest, which I have referred to, had made arrangements to control a large part of the product in the Argentine Republic, but for reasons best known to themselves they violated that contract, and a suit is pending now for a large amount of money as damages for the breach of that contract. It appears from the record in this Brownell suit, which has been decided in New York, that the breach of that contract occurred apparently just after the withdrawal of this protest, which makes ordinary men, of course, conclude that having lost the control for one reason or another of the South American product, and being confined by their own act to the casein which they could obtain in America, this company changed front entirely upon the question of duty, and instead of persistently attempting to resist it, they have been since then persistently attempting to have it put on.

Mr. HILL. Suppose the name "casein" was added to "lactarene," would that cover your idea?

Mr. BURDETTE. I think it would; not on the dutiable list, but on the free list.

Mr. HILL. Yes; I think instead of changing the name entirely, you might say "lactarene" or "casein."

Mr. BURDETTE. I think that would be the better way to do it.

Mr. DALZELL. That Brownell case is now pending, is it not?

Mr. BURDETTE. I do not know that you can say that it is pending when there has been a decision by the circuit court of appeals of New York in the case.

Mr. CRUMPACKER. It was decided on Monday.

Mr. BURDETTE. Now, you see the way that that decision leaves us. Every one of these decisions has been made in the southern district of New York by three different judges, and finally by the circuit court of appeals, and there are cases of the same kind pending in Boston, in the State of Massachusetts, and the decision of the circuit court of appeals in the southern district of New York is not going to bind any other circuit court that does not want to be bound by it; and therefore this question ought to be put at rest, and the only way to put it at rest is to make the statute so plain that on the face of it nobody can misunderstand it.

Mr. HILL. Is there any other title by which the casein product can be mixed up so that there would be any doubt about the meaning of the language?

Mr. BURDETTE. I think not. I will refer presently to the fact that in section 468 of the free list you will find "albumen," in section 572 you will find "glue stock," and in section 495 "lactarene."

All these articles are of similar character and fit for similar use; and, as I believe the Board of Appraisers said in this Brownell case, the fact that all things of this class seem to have been put into this free list shows the intention of Congress at the time the act of 1897 was passed to make this whole class of goods free of duty.

Mr. CRUMPACKER. Under what paragraph did the Government contend that casein is dutiable?

Mr. BURDETTE. It is under "nonenumerated manufactures," section 6. On the start it had been entirely left out of the act. As long ago as 1870 this lactarene was put on the free list, and it has been continued on the free list in every tariff act since that time: and in connection with the fact to which I have just referred, that these other similar articles are also on the free list, this decision of the circuit court of appeals of New York confirms the proposition, as matter of law, that that article is now and was intended by Congress to be on the free list.

Therefore this, it seem to me, throws the burden upon anybody who proposes to put it back, or to put it into the dutiable articles. Another gentleman is registered here, whom I do not have the pleasure of knowing, and whom I thought might perhaps appear in favor of putting the article on the dutiable list, and I was anxious to know what he would say, but he did not respond when his name was called: so I am not aware that at this moment there is anybody advocating that course of action.

Now, if you will pardon me for a few moments——

The CHAIRMAN. How many moments more?

Mr. BURDETTE. I should say that I could easily close in five minutes.

The CHAIRMAN. We will give you that much more time.

Mr. BURDETTE. If the committee thinks I have said enough already, I am not particular about continuing at all.

The CHAIRMAN. Go ahead.

Mr. BURDETTE. I wanted to state one or two independent reasons why this should be kept upon the free list. That is, upon the theory that the mere fact that it is on the free list now may not be regarded by all the members of the committee as a reason for leaving it there.

The domestic supply of this country is entirely inadequate to meet the demand of the paper manufacturers alone of this country. We would not complain of this monopoly to which I have referred if it would supply our demand; but it not only will not do that, but it requires us to contract that we will not buy this article from anybody else. And curiously enough this contract is required at a time of year when the supply of casein is at the very lowest, to wit, the month of November. It will not guarantee to supply our needs, and it will not even contract to furnish all that we will agree to consume, and heretofore, at any rate, it has required us to contract that we will not buy this article from anybody else.

In this connection I have some letters which I am very anxious to make a part of the record, and short extracts from which I beg leave to read.

The Perkins-Goodwin Company, of New York, are the agents for the sale of this casein—I have selected several letters, so it is not peculiar to any particular year—and in a letter dated December 27, 1907, addressed to the treasurer of the Champion-International Company, they say:

The situation as to further shipments is really very serious. The Casein Company have not enough casein on hand to take care of present requirements or the requirements early next year of those who have been dealing with them. It is impossible for them to get casein enough to supply their customers' requirements at any price, and they refuse to commit themselves to more than what they have on hand and actually in sight. They are obliged to put all of their customers on short rations, and the very best that we could succeed in doing with them this morning was to offer you two cars per month

for next year, of 30,000 pounds each, at 7½ cents per pound for the January shipment and 8 cents for the remaining months of the year, with the guaranty that if they reduce this price to any of their customers during the year you are to get the benefit of it, this offer to be open for immediate acceptance only, because if not required they have a dozen places to put it.

They are actually obliged, as we state, to curtail all of their customers. This situation is brought about by the absolute dearth of milk and the impossibility to rely upon any increase of supply until the early spring months. They agree that as soon as they can get a further supply of casein they will offer it to their customers of the past in equal proportions.

The purpose of reading that letter and the extracts from one or two other letters is to show that according to their own statement the reason they can not supply this imperative demand of the paper manufacturers is because they can not themselves get the raw material.

Mr. Pou. What price will they charge for it?

Mr. Burdette. Eight cents a pound. We think we ought to be able to buy it for not over 6½ cents a pound; and we could buy it for not over 6½ cents a pound, provided we could get it from abroad without the duty, which would mean to the three mills which I particularly represent a saving of from $50,000 to $75,000 a year.

Here is a letter from the Casein Manufacturing Company itself, dated October 31, 1908, addressed to the president of the Champion-International Company, in which it is said:

We have carefully considered the matter that we discussed during the interview we had the pleasure of having with you here last week, and came to the conclusion that our best figure for 1909 business will be 8 cents per pound, freight paid. Conditions make it impossible for us to name any lower figure.

In a letter from their agents, the Perkins-Goodwin Company, dated November 12, 1908, this language is used:

We believe that you are making a mistake in not closing your casein contract at once. There positively is not casein enough to go around. We have had this proven to us absolutely. We could sell twice as much casein as we have to sell, and your holding back, we think, will be harmful all around.

I beg leave now to submit a letter from S. D. Warren & Co., one of my clients, who have an investment of about $8,000,000 in their mills in Maine; and this I offer as evidence. Mr. Warren was not able to come here with me. [Reading:]

In re casein.

Boston, *November 17, 1908.*

G. F. Russell, Esq.

Dear Sir: During the year 1907 we used about 1,400,000 pounds of casein. Of this amount the Casein Company supplied us 700,000 pounds. We should like to have obtained more from the Casein Company but could not do so.

For the year 1908 we were able to contract with the Casein Company for 400,000 pounds, delivered in the eleven months succeeding February 1. We shall have used about 1,000,000 pounds, on the present basis of use, up to December 31, 1908. Of this balance the Casein Company has given us a limited extra quantity, amounting to 300,000 pounds.

For the year 1909 they offer us only the quantity contracted for in 1908, viz, 400,000 pounds. Our present use is at the rate of 100,000 pounds a month, or about 1,200,000 pounds a year. Our capacity, when we run full, is 1,500,000 pounds.

Up to date we have been able to obtain no increase in the quantity offered, although we have requested a larger offer. We know where we can obtain about 300,000 pounds of the deficit, but no more, leaving 800,000 pounds to be supplied if business enables us to run to our full capacity.

You are at liberty to present these facts to the committee of the House which is considering a revision of the tariff.

We feel strongly that casein should be left upon the free list, where it now is, because, among other reasons, the quantity produced in this country is insufficient to meet the demand for paper makers' uses.

Mr. Chairman, when I said I could get through in five minutes I forgot that I had these letters.

Mr. HILL. Where do S. D. Warren & Co. get that surplus supply—that 800,000 pounds?

Mr. BURDETTE. They pick it up by traveling around throughout the wilds of Maine, and they get the dairies there to put a part of their skim milk into casein. The only escape of these paper manufacturers to-day from this control of the market is either to send representatives to Argentine to attempt to obtain it from that country, or else to scour this country from end to end, to see if they can not get an independent supply from the creameries.

Mr. HILL. There are only 328,000 pounds imported in that way.

Mr. BURDETTE. The importation has practically ceased, for two reasons: First, the imposition of this duty, and second, the attitude of this Casein Company in discouraging the use of foreign casein, not only by the imposition of the duty, but by this threatened litigation on their products. I am going to say a word, if it please the committee, in a moment, about that very subject.

The CHAIRMAN. Mr. Burdette, have you answered Mr. Hill's question?

Mr. BURDETTE. I thought I did.

The CHAIRMAN. Are there any other questions? Mr. Mayer, do you desire to be heard?

Mr. MAYER. Yes; for a few moments.

Mr. BURDETTE. I have not finished, Mr. Chairman.

The CHAIRMAN. You may file your brief, of course; but your time has expired.

Mr. BURDETTE. I have not finished.

The CHAIRMAN. I am very sorry that you can not go on longer, but there are a great many people here who are just as anxious as you are to consume time, and perhaps a little more so, who have not been heard at all.

Mr. BURDETTE. I have waited here two days, and I have attempted to say nothing except what would be of service to the committee.

STATEMENT OF MR. JULIUS M. MAYER.

Mr. MAYER. Mr. Chairman, I represent T. M. Duché & Sons, 554 Broome street, who are the persons that have heretofore imported lacterene. I will be as brief as possible and will only say the things which I imagine to be relevant.

In the first place, we desire and respectfully ask that the words "or casein" or "and casein" be added to the word "lacterene" in 594.

The reason we are urgent upon the proposition is this: We have gone through this long series of litigations, comprising four different kinds of cases, the last of which, as Mr. Burdette stated, was decided in our favor by the United States circuit court of appeals, in United

States *v.* Brownell, on Monday last. I had charge of that appeal in that court and argued it.

We have been so persistently pursued by the Government, and, really, I think, by the Casein Company of America, that I want to emphasize that and to request that you give us that additional name, so that once and for all in every district throughout the United States it will be settled.

Secondly, in answer to the question of Representative Hill, I may say that there has been practical protection to the Casein Company for the last fifteen months or so, during this Brownell litigation, so that we could not bring this stuff in. It involves an arrangement with the creameries, and through the creameries with the farmers, naturally, ahead of the milk season, which, by the way, is just beginning in Argentina, and will continue until February or so, and we simply could not make our arrangements ahead with two propositions in front of us—one the patent proposition, which we are perfectly willing to fight and which we are not afraid of, and the other the duty situation.

We are interested in prices. The Casein Company is now selling at 8 cents a pound, and we believe it can be demonstrated that they can sell at 6½ cents a pound and make a fair and reasonable profit. We were not taking chances on bringing this in with the duty added, and making a profit at 6½ cents a pound, and then, when we got our arrangements made, of having the Casein Company cut under us, when we would find ourselves with this supply on hand, and be in difficulties; but what we desire to say is that, now that this litigation is ended, if Congress will keep this where it is, we are prepared to assist in giving to these paper mills the product they want.

I desire, if I can, to impress upon the committee this proposition, that I think there is no doubt whatever that the paper mills are ready to take all the American product that can be produced, as well as our Argentine product; and I think the record in the case to which I have referred and the facts themselves indicate that this Casein Company of America, which we rather imagine would be here, is in complete control as it now stands, at both ends—both of the creameries and of the people to whom they sell—because with the farmers and the creamery people they can control their output. As Mr. Burdette says, the mills have not got now, and have not for a long time had, anywhere near what they need. On the other hand, with their control at that end, and with the market in their grasp, as it has been, they could make their price to the paper people.

While I realize that I represent the importer, and while the importer desires to bring this in for the purpose of making money, yet to the consumer the situation is such that he will be well taken care of, and the producer will not be hurt because of the great demand.

I am authorized to say (and of course I can give the committee the name of the mill if they desire, but perhaps it is not fair to put it on the record) that right at this minute we can sell 3,000 tons of this product to some of the mills mentioned by Mr. Burdette.

Mr. Gaines. Do I understand that it is a patented article?

Mr. Mayer. Well, no. As I understand it, there are two claims. There is a patent claimed for what they call the sulphuric pressed

casein. That is to say, there is the application of sulphuric acid. You see, briefly, this is the situation: The skim milk of the farmer may either be self-soured, or it may be precipitated by acid. Then it becomes dry curd in bulk, and then that dry curd is granulated, and that is what it called casein. The casein people, I believe, claim that they have a patent on the sulphuric pressed casein. We think it is not patentable, and I do not believe it is.

Then we have another proposition, and that is that by the application of formaldehyde, which is a preservative, and which has waterproofing qualities; they have created a patent situation.

Mr. GAINES. Did this casein company invent this? Did it start the making of this stuff?

Mr. MAYER. Oh, no. Casein, chemically, has been known to science for fifty-odd years.

Mr. GAINES. But commercially?

Mr. MAYER. Commercially lactarene has been made for a long time, and it has been on the free list since 1870. About 1900, by the absorption of the business by a man named Hall, they began in a larger way than ever had been done before the casein business in this country.

Mr. GAINES. The paper mills which make paper out of wood pulp use this in order to make the other product which is known as "surface-coated paper," do they not?

Mr. MAYER. Not as I understand it. Mr. Burdette would be better acquainted with that than I. This is a binder that is used by the surface-coating paper-mill people in connection with putting their glaze on. That is the purpose of it. It is merely a binder. Speaking tentatively, it is in the nature of a gluey substance, something to hold together the glaze, and so on. That is what it is.

Mr. GAINES It is used in connection with the making of surface-coated paper, which is dutiable?

Mr. MAYER. Yes.

Mr. GAINES. Suppose the tariff were taken off of wood pulp and print paper. Then there would not be such a demand in this country for the casein, would there?

Mr. MAYER. I do not know. I think so. I should imagine that this thing would go on just the same. It is only for the glazed paper, Mr. Gaines.

Mr. GAINES. I understand that it is glazed paper, but it is the sort of paper that is made out of wood pulp, and it is the glaze that makes the surface-coated paper, is it not?

Mr. MAYER (after speaking to a gentleman present). Yes; that is correct. I am not acquainted with the paper-making end of the thing, but Mr. Russell, who is a paper manufacturer, is here, and doubtless would be very glad to answer any questions.

That, briefly, is our situation. I do not want to take up any more time unless somebody desires to ask me some questions.

Mr. CRUMPACKER. I suggest that you print a copy of your brief in the Brownell case in connection with your statement here. That is quite instructive upon all sides of the question.

Mr. MAYER. I will be pleased to do that.

(The brief above referred to is as follows:)

UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

United States of America, appellant, *against* W. M. Brownell, appellee. No. 4586.

BRIEF FOR APPELLEE.

This is an appeal taken by the Government from the decision of Platt, J., affirming the decision of the Board of United States General Appraisers, which board had reversed the action of the collector of the port of New York and sustained a protest of the importers.

Statement.

The collector of the port of New York, by virtue of section 6 of the tariff act of July 24, 1897, decided to assess a duty at 20 per cent ad valorem upon the importation which is the subject-matter of this controversy, on the ground that it was a nonenumerated manufactured article not otherwise provided for.

The Government claimed that the product of milk here under consideration was not " lactarene " and therefore admissible free of duty under paragraph 594 of the tariff act of 1897, but " casein," a different article, having a different commercial designation from " lactarene."

The importer was successful before the Board of General Appraisers and the court below, and a volume of testimony was taken upon certain facts deemed relevant to the issues.

The theory of the Government was that when the tariff act of 1897 was passed " lactarene " had dropped into commercial obscurity; that it was a useless commodity; that it contained a large percentage of butter fat, from which a rancid odor resulted, which made it practically of no value for the commercial purposes to which it is claimed " casein " is now applied.

The Government thus urges that " casein " is a different article from " lactarene."

The appellee insists that " lactarene " has long been commercially known under that name and is the same product as " casein; " that " casein " was not commercially known when the tariff act of 1897 was enacted; that since said date, although the use of this product of milk has been more extensive, it has always remained precisely the same product; that the use of the name " casein " commercially has been merely an arbitrary selection by a single domestic corporation, used by it since the late fall of 1904, under circumstances to be fully hereinafter discussed; that there is no butyric acid odor in "lactarene; " that the percentage of butter fat, even if greater heretofore than now (as the Government contends), has not been detrimental to the main uses of this product, and has neither changed the product nor its name.

POINTS.

I. It is submitted that this court will not disturb a finding of the Board of General Appraisers unless such finding is wholly without evidence or clearly contrary to the weight of evidence.

Gabriel & Schall *against* United States, 123 Fed. Rep., 296; Belcher *v.* United States, 91 Fed. Rep., 975; *In re* Kursheedt, 49 Fed. Rep., 633; *In re* Herrman, 56 Fed. Rep., 477; *In re* Blankensteyn, 56 Fed. Rep., 477.

In the case at bar there was a conflict of testimony on practically every essential fact necessary for the determinations, both of the Board of General Appraisers and the court below.

Therefore, under the authority of the cases above cited, the questions of the percentage of butter fat, odor, use of name, actual use of lactarene, and the like, have been determined by the tribunals below in favor of the appellee in such manner that they can not be disturbed unless the court should say that these determinations were wholly without evidence or contrary to the weight of evidence.

That the findings were amply supported by the evidence will be demonstrated by an examination of the record.

In 1848 Robert Thomson Pattison, a Scotch printer, first used the word "lactarine." The terms "albumen" and "casein" were very much older as technical chemical terms, and, as said by Hay, general appraiser, "are practically as old as the application of the science of chemistry to milk" (folio 36c); or as expressed in Spon's Encyclopedia (p. 1304), "It is to be regretted that in an English patent for the use of 'casein' as a mordant, it received the utterly needless and *unscientific* name of 'lactarine' and '*to which the trade still cling*'" (folio 333). Pattison described what he termed his invention in British patent specifications No. 12316 (Exhibit A).

While Exhibit A was not formally marked in evidence it was marked for identification (folios 252–253); was frequently referred to in the testimony; was treated before Mr. Howell, as officer of the court to take testimony, as an exhibit (folio 1182); was considered by the Board of United States General Appraisers in their decision (folio 36c), and by Platt, J. (folios 1218–1220), and is regarded by the United States attorney at page 5 of his brief as an exhibit. Prior to engagement of present counsel for the appellee, it seems that a great number of the exhibits were lost or mislaid through no fault of appellee, and, among these, the original certified copy of the Pattison specification. Upon the argument we shall ask leave of the court to submit for its inspection what is apparently an authentic copy of this Pattison specification printed in 1869.

Pattison said: "My improved preparation or material for fixing paint or pigment colors on woven fabrics is made or extracted from milk * * *" and, while he preferred buttermilk, he said that this preparation or material "can also be made either from sweet milk—that is, milk in the state in which it comes from the cow—or from what is generally termed skimmed milk—that is, milk from which the cream has been extracted in whole or in part" (folio 255) and "the same or substantially the same preparation or material might be obtained or extracted from milk by other means or processes than those" described in his specification, and that "the preparation or material when produced is capable of being mixed or combined with paint or pigment colors in an almost endless variety of proportions, *as well as applied for different purposes.*" (Italics ours.) To this material, Pattison said, "I give the name of 'lactarine;'" and it will be noted that he foresaw that lactarene could be used for pur-

poses in addition to the fixing of paint or pigment colors on woven fabrics.

In other words, what Pattison did was to select a commercial name, "lactarine," for the product well known to chemists as "casein."

This product must have been known to the commercial world and to Congress in 1870, for in section 22 of the tariff act of July 14, 1870, it is referred to as follows: "Albumen and lactarine."

The testimony does not disclose to what extent lactarene was used at that time, but that it was a product of known use is demonstrated by its mention in the tariff act as well as in the various authorities referred to in this brief under the heading "Literature."

Again, in the act of March 3, 1883 (Stat. L., Vol. XXII, p. 514, sec. 2503), it was referred to as follows: "Albumen in any form or condition; lactarine."

In 1889 Max De Jonge was connected with the business of his father, Louis De Jonge & Co., at a factory in Staten Island, engaged in the manufacture of surface-coated papers (folio 540).

De Jonge was an absolutely disinterested witness (folio 612). He had been prepared by a technical education for his father's business (folios 541–542), which he entered in 1883, and the technical manager of which he was for six years prior to 1893 (folios 540–544 and 545).

In pursuit of his investigations as chemist and technical manager of this business he obtained a cask of lactarene containing 437 pounds from Stein, Hirsch & Co. in March, 1889 (folio 553), and a cask of 236 pounds from the Morningstar Company in June of the same year (folio 596). According to the records which he could find, looking up his mill stock books (folios 549–550), he was able to refer to three specific purchases in 1889, as follows: Four hundred and thirty-seven pounds net, March 6, 1889; 412 pounds net, March 20, 1889; and 236 pounds net, June 3, 1889 (folios 595–596). This was by no means the total extent of his use, for he purchased lactarene and casein from 1889 to 1895, inclusive (folio 557), and since that time has used the same article for the same purposes as he did in 1889 (folios 557 and 558).

Possessed of a degree of business genius and foresight and believing that this product would be useful in the surface-coating paper business, he consulted Dr. Ernst J. Lederle, then connected with the health department of the city of New York, afterwards health commissioner, and conceded by the Government to be a qualified expert (folios 785–786), with a view of seeing whether lactarene could be furnished to him from domestic sources (folios 561 *et seq.*). As De Jonge said: "I applied to him to have lactarene or casein —*one and the same thing*—prepared in this country" (folio 561).

Doctor Lederle was a chemist who had taken lectures under Doctor Chandler, and was familiar with casein in 1883 and 1884 (folio 789). Both Doctor Chandler and Doctor Lederle were chemists, and Doctor Chandler, as a teacher of chemistry, often referred to "casein" (folios 789–790). Both of these men being chemists were evidently familiar with "casein" as known in chemistry, but it is fair to conclude that neither of them had any knowledge of "casein" under that name as a commercial commodity. When Doctor Lederle examined "a number of samples of this lactarene," to use his own language, he "found that they were casein" (folios 791–792). In other words, the product of milk then known to chemists under the scientific

name of "casein" was commercially known as "lactarene," in precisely the same way, to illustrate, as Doctor Chandler said in speaking of muriatic and hydrochloric acid, that they were two names for the same article, "muriatic acid, the old commercial name," and "hydrochloric acid, the scientific name" (folios (1157–1158), or as Doctor Lederle said, "We used hydrochloric acid—commonly called muriatic acid" (folio 795).

Acting for De Jonge, Doctor Lederle made arrangements with the Howell Creamery at Goshen, N. Y., to furnish De Jonge with this product (folios 792 to 795).

Until the employment of the mechanical separator, milk had been separated by what might be called a nonmechanical process. About 1890 an improvement in the De Laval separator was introduced by means of which, among other things, it is claimed that a greater amount of fat was extracted from milk than previously (folio 275). Howell skimmed milk in 1889 and 1890 by a separator—just which of the many varieties of separator does not appear. He succeeded in getting the skimmed milk down to one-tenth of 1 per cent, and the percentage of fat in lactarene down to a per cent and a half, while 4 per cent was the highest that he found in lactarene or casein (folio 798).

In 1894 Congress enacted another tariff act and continued "lactarene" on the free list (par. 529). Clearly Congress still regarded "lactarene" as the commercial name for the product which chemists knew as "casein," and made no change notwithstanding the fact (doubtless well known) that the improvements in the mechanical separator were giving a larger yield of butter to the farmer and decreasing the percentage of butter fat in the skim. Obviously Congress took the view of the witnesses for the appellee that the purpose of the separator was to increase the product of butter, thereby increasing the profit of the farmer, and that the separator was not invented with lactarene or casein in mind. It is true that Doctor Lederle, as a chemist, in his arrangements on behalf of De Jonge with the Howell Creamery, spoke of the product as "casein," as he naturally would from the chemist's standpoint, but De Jonge did not spread the name in such a manner as to make it a commercial name, for believing that the Howell production was the first in this country he "kept it as secret as possible," for he desired to preserve the advantages of that production to his own particular firm (folio 560).

Between 1894 and the passage of the tariff act of 1897 nothing had occurred to change the situation, and, therefore, when "lactarene" was continued on the free list by virtue of paragraph 594 of the tariff act of 1897, it was still the commercial name for the product in question. "Casein" was not the commercial name, but merely a scientific name known to chemists.

This view was confirmed by the fact that the government witnesses, Barnett, Schwerin, Dreyfuss, and Chandler, all insisted that "casein" could not be commercially made and marketed prior to 1897 because the mechanical separators had not been sufficiently improved to reduce the amount of fat in skimmed milk to a per cent so small that what they termed "casein" could be commercially manufactured and used.

The government chemist, Russell W. Moore, was called for cross-examination as to his report, Exhibit 19 (folios 1098–1099). Doctor Moore had been the chemist of the New York State Dairy Commission, and in that capacity made frequent reports in regard to milk and its products. In his report about the year 1890 (to use his own language) "I made a statement practically that *lactarene and casein are the same thing*, as I remember it" (folios 1103–1104; see Sixth Annual Report New York State Dairy Commission, p. 505). No attempt whatever was made by the Government to have Doctor Moore say that the three samples referred to in Exhibit 19 were not "lactarene," and obviously Doctor Moore could not so testify unless he desired to contradict his impartial investigation made many years before as an official of the State of New York.

On June 18, 1897, the appellee, Brownell, entered the employ of one W. A. Hall. His duties were to instruct creameries in the manufacture of crude casein (folio 51) in the Eastern States, north of the Potomac and south of Canada (folio 52). From the time that Brownell became familiar with casein (which presumably was from the date of his employment with Hall), the article was sold as "lactarene" (folio 1017), and "casein" and "lactarene" were used as interchangeable terms. Hall had an agent in Germany named Marsmann. Marsmann advertised in the Papier Zeitung of November 3, 1898, published at Berlin (folio 731), as follows: "*Casein Lactarene for playing cards, colored papers, chromo papers, artificial papers, and wall papers*" (folio 763).

The Government urges that the use of the terms "lactarene" and "casein" synonymously, or interchangeably in this advertisement does not affect the commercial designation in this country. But that is not the point of the advertisement. The point is that Hall, an American, engaged in this business in 1898, a year after the passage of the tariff act, was advertising this material through his agent by these synonymous names of "casein" and "lactarene," and indicating thereby what he, engaged in the business in the United States, regarded to be the correct name of this material, a significant piece of testimony, because, as the record shows, Hall's business was subsequently absorbed by the Casein Company of America. It further appears by Brownell's testimony that in this same year of 1898 the product was shipped to John Anderson, Glasgow, and Spicer Brothers, Liverpool, as "lactarene," from a factory Brownell was then running for Hall in Greenwich street, New York City (folios 1185 to 1187).

In 1899 some goods were imported by Merchants' Despatch Transportation Company as "casein" and held to be dutiable. Subsequently, however, on appeal, these goods were held to be on the free list as albumen in *Merchants' Despatch Transportation Company against United States; 121 Fed Rep., 413.*

The point is that whether these goods were albumen or not, as yet "casein" was not recognized as a commercial commodity to be differentiated from "lactarene."

In 1900 the Casein Company of America was formed. How the word "casein" was selected in connection with the name of the company does not appear.

Schwerin, vice-president and general manager of the Casein Company, testified that the product was bought from the creameries not

as "casein" but as dried curd, although sold as "casein;" but nowhere is an exact date set when the word "casein" was used by this company to the exclusion of "lactarene" (fol. 429).

As late as 1904 the Casein Company of America protested against the assessment of duty by the collector of customs of the port of New York upon merchandise entered as "casein." The record clearly establishes that this merchandise was the same as that which is the subject-matter of this litigation (fols. 722, 723, *et seq.;* 940 *et seq.*). It came from the Wester Concern in the Argentine Republic. The case is reported as No. 3988, T. D., in the pamphlet of December 8, 1904, at page 23. Hay, general appraiser, writing, said, among other things, "The protestant contends in its protest that this commodity should have been classified under paragraph 468 * * * or under paragraph 572 * * * *or under paragraph 594 as lactarene.*" * * * The board of appraisers would have sustained the protest were it not for the fact that on the very day when the case was taken up by the board for decision counsel for the protestants sent to the board a letter formally abandoning the protest (see *opinion* of *Hay*, G. A.). The protest was therefore overruled without affirming the action of the collector. No reason was given to the appraisers for abandoning this case, but the record shows that just about the time this case was abandoned, November 29, 1904, the contract with the Wester Concern in the Argentine Republic was broken (fol. 723). Here, then, is a practical construction showing the view held by the Casein Company of America as late as the fall of 1904, and the Casein Company of America seems, from the record, to be practically the only concern engaged in the domestic manufacture of casein and so prominently interested in this litigation as to call from Mr. Hay the expression, "What has the Casein Company of America got to do with it? They are not a party to this litigation" (fol. 1004).

Not long after, another case was made entitled *B. P. Ducas Company* v. *United States*, and decided adversely to the Government on January 18, 1906, and reported in *143 Fed. Rep., 362.* So that what has happened (and the record will bear out this statement) is that one concern, to wit: the Casein Company of America, only since November, 1904, has been seeking to create by its own acts a new commercial name for what has always been known as "lactarene."

The next question therefore is whether, as claimed by the Government, by reason of the work of the mechanical separator, the product marketed by the Casein Company of America at a date subsequent to the tariff act of 1897 is a different commodity with a different commercial designation than "lactarene."

II. Lactarene and casein are identical in origin and composition. Prior to 1897 the commercial name was "lactarene;" and "casein," if a commercial name since that date, has been so used by one concern only and then only in its sales and not in its purchases and is an interchangeable or synonymous name with "lactarene."

The literature upon this subject either uses the name "casein" as the scientific term in chemistry, or uses "casein" and "lactarene" as the identical substance. The subject is mentioned in books on chemistry, practical books relating to dyeing cotton fabrics, etc., and dictionaries. From the record the following have been collated:

Literature.

Fehlings Handworterbuch der Chemie. "Lactarene. Under this name an impure casein has been introduced in commerce as a substitute for albumen" (folio 122).

Webster's Dictionary. "Lactarene. A preparation of the casein of milk used by calico printers" (folio 124).

Handbook of Dyeing and Calico Printing, by W. Crookes, F. R. S. "Under the name of lactarene, casein is employed as a mordant for fixing pigment colors, for instance, ultra-marine" (folios 155, 156).

The Printing of Cotton Fabrics, by Antonius Sansone. "Casein or lactarene, * * * the commercial article which is in the form of a yellowish white powder is obtained from skimmed milk by precipitation with weak acids, then filtering and washing until free from acid and drying" (folios 156–158).

Glue, Gelatin, Isinglass, Cements, and Paste, by F. Davidowsky (folio 168). After describing the process he says: " * * * In this manner 8.5 per cent of moist, or 3.5 per cent of dry casein is obtained which is brought into commerce as technical casein or lactarene" (folios 173–174).

Century Dictionary. "Lactarene. The commercial name for a preparation of the casein of milk used by calico printers like albumen" (folio 214).

Spons Encyclopedia. "It is to be regretted that in an English patent for the use of casein as a mordant, it received the utterly needless and unscientific name of 'lactarene,' *to which the trade still cling*" (folio 333).

"De Appreturmittel," published in Vienna and Leipzig in 1886 (folio 821). "The dry casein (lactarin or lacterin) brought into commerce, for these purposes obtained by simply drying well-washed curd, as well as the lactarene extract prepared by the addition of alkali, has formed for years a distinct article of commerce which, however, is at present little sought (folio 822); also 'By the name casein extract, lactarene is designated a product offered in the trade which is produced by the drying of the casein obtained from the milk'" (folio 822 *et seq.*).

"Das Casein," by Robert Scherer, published in 1905 (folio 825). "Casein is the curd separated from milk by the addition of rennet or an acid—lactic, hydrochloric, sulphuric, or acetic. * * * *Other names* for the same material—stuff—are albumenate and lactarene" (folio 869).

"Thorpe's Dictionary of Applied Chemistry, 1890." "The preparation of casein known as lactarene, etc." (folios 872–873).

"Encyclopedia Americana," 1904. "Lactarene. The casein of milk is commercially prepared by freeing it from fat, precipitated by an acid, thoroughly purified, dried and powdered" (folio 1224).

The United States attorney in point third of his brief asserts that "the commodity was never known in the trade and commerce of this country as 'lactarene;'" in point fourth, "The commodity in question has always been known in the trade and commerce of the country as 'casein;'" and in point fifth, "The term 'lactarene' is a foreign term and has not been employed in the trade and commerce of this country to designate casein."

It has already been demonstrated that the word "casein" was not attempted to be commercially used seriously until after the Casein Company of America had withdrawn its protest in November, 1904. Up to that date such of the product as came into this country was known only as "lactarene." (See De Jonge and Lederle Test., *supra*, and tariff acts.) These assertions by the United States attorney were based, in the main, upon the testimony of officers of the Casein Company.

Maurice Barnett, secretary and assistant treasurer of Casein Company, testified that he first became familiar with casein in 1899 (folio 99). He is admittedly not an expert (folio 187), and his opinion on the subject, prior to 1899, was derived entirely from literature on the question, and nearly every author to which he refers supports appellee's contention (folio 119 *et seq.*). He stated that he first became acquainted with the term "lactarene" in 1904 (folios 148–150), an admission that in seeking to get "casein" in on the free list as "lactarene" his company regarded the two names as identifying the same product. Briefly stated, Barnett's testimony amounts to nothing more than that the Casein Company of America *sold* the product to its customers as "casein" (folio 145).

Lorenz R. Schwerin, vice-president and general manager of Casein Company of America and its subsidiary companies (folio 391), states that the Casein Company is the holding company owning the stock of various other companies (folios 391–393), and that he (Schwerin) was in business but nine years prior to the time of the taking the testimony in March, 1906 (folio 394). The only knowledge Schwerin had of "lactarene" was acquired principally during the hearing before the Board of General Appraisers (folio 434).

It may be again remarked in passing, as an extraordinary fact, that in 1904 the company of which these men were officers prior to that date protested against duty being levied on casein and insisted that its importation from the Argentine Republic was "lactarene." (No. 3988, T. D.)

Doctor Chandler based much of his testimony upon a specimen of lactarene twenty years old, but failed to state where he obtained this specimen and under what circumstances it was made. He has no practical knowledge of the commercial side of the use of either lactarene or casein, and his testimony is that of a chemist only. He admitted (folios 351–352) that he had made but one analysis of lactarene, and that was, after he was retained as an expert in this case, to determine the amount of fat in the twenty-year-old specimen of unknown origin.

George R. Remington, employed by the De Laval Separator Company, testified merely to the various improvements which have been made in the mechanical separator (folios 272 *et seq.*).

The foregoing constitutes all of the Government's witnesses with the exception of Dreyfuss, whose testimony will be considered in another connection, and it will be seen that not one of them had what amounted to either knowledge or experience of this whole subject except such as Barnett and Schwerin claimed they gained as officers of the Casein Company, and, in Schwerin's case, as general manager of the Quaker City Chemical Company (folio 395).

Against their interested testimony stands the testimony already referred to of De Jonge and Doctor Lederle (not only a great expert, but having actual knowledge of the facts). In addition, James Den-

vir, foreman of the coating room of the Falulah Paper Company, of Fitchburg, Mass. (folio 684), absolutely a disinterested witness, and connected with that company since 1892 (folio 685), testified that he first used lactarene about 1894 (folio 686), in the surface coating of paper (folio 687), and that lactarene and casein were identical commodities performing the same functions, to wit: "Binding on of paper and allowing it to spread" (folio 687).

Juan E. Wester, producer of lactarene in the Argentine Republic, testified that his company formerly supplied the Casein Company of America with lactarene (folio 721) under a three-year contract, which was broken in November, 1904 (folios 722, 723), and, since the breach of that contract, that his (Wester's) concern has been supplying the same commodity to T. M. Duche & Sons, the importers in this case with whom the appellee is employed (folio 723).

His testimony amply justifies the inference that the importation in controversy is the same commodity as the importation which the Casein Company of America insisted, among other things, in decision No. 3988 G. A., came under paragraph 594 as "lactarene." It is a curious coincidence that the abandonment of the protest and the breaking of the Wester contract occurred at about the same time.

Harry S. Hopkins, a graduate of Iowa State College and a former employee of the Casein Company of America for four years, 1901 to 1905 (folio 972), in charge of laboratories for that company at Bainbridge, N. Y. (folio 934), testified that he perfected the contract between the Wester concern and Casein Company (folios 940, 941 *et seq.*).

In endeavoring to sustain the contention of the Government that "casein" was another substance from "lactarene," the witnesses for the Government were not only strongly contradicted, but were compelled to narrow down their claim to the proposition that the sole difference was in the percentage of butter fat. Besides, the Government was unable to show at what particular percentage "lactarene" becomes "casein," and *vice versa.*

The testimony of Barnett and Schwerin that tests were always made for butter fat, and that, if there was over 1½ per cent the product had a bad odor and was not merchantable was flatly disputed by De Jonge (folio 576 *et seq.*), Doctor Lederle (folios 816, 817), Denvir (folio 689), Hopkins (folio 957), and Brownell (folio 1028).

The testimony of Hopkins is especially significant because he is a disinterested witness and specifically denied Schwerin's testimony that the chief object of testing casein was to detect the presence of butter fat (folios 957–959) and affirmatively stated that the cause of odor is decomposition and not butter fat (folios 974 to 979), and that the commercially pure material would contain butter fat (folio 979).

In fact, the testimony for the importers is that the tests are made for solubility and strength, and not for percentage of butter fat (folios 687, 688).

But, even on the government's theory of the distinction between "casein" and "lactarene," what is the standard by which one is distinguished from the other?

Doctor Chandler, having distinguished "casein" from "lactarene" solely by the test of percentage of butter fat (folio 365) is compelled to admit that he can not establish a line of demarcation between them: "They might almost overlap. A very bad casein might deserve the

name of lactarene" (folio 373). Asked for his best opinion as a chemical expert, he said: "I can not fix any figure for that. * * * You can not fix a limit any more than when a boy becomes a man" (folio 374).

For the Government, Dr. Louis A. Dreyfuss, the chemist with Muralo Company (folio 222), testified that casein was used in the manufacture of cold-water paint (folio 224), and for *that particular* ("our") *purpose* worthless if there is more than 1 per cent of butter fat (folio 225). Dreyfuss was evidently not well informed generally on the subject, for he attempted to make a distinction between casein prepared from buttermilk and from skimmed milk, as if the skimmed milk was the later method, but it was manifest that he was unfamiliar with the fact that Pattison, in his original patent, had asserted that lactarene could be made from skimmed milk as well as buttermilk (folios 252–257).

It may be that Dreyfuss is correct as to the needs of the cold-water-paint business—but one instance of a new application of lactarene or casein. But thereby Dreyfuss can not establish a standard. Standards must be established by some general use and not by a particular instance of a particular use.

It seems that while in the employ of the Muralo Company Dreyfuss rejected several carloads of casein shipped by the Casein Company of America, and the last rejection made by him was as late as December, 1905, and on the ground that the casein was excessive in butter fats (folios 225–228). Presumably this casein was manufactured in the same general way as the rest of the casein put out by this company, and the natural conclusion is that, while experts may testify as to some particular percentage obtained under specially advantageous and prepared conditions, yet this product for commercial purposes, turned out day by day at a creamery on a full day's run, necessarily varies in percentage (folios 288 *et seq.*, 797 *et seq.*, 725 *et seq.*, 989 *et seq.*). It is also to be inferred that when the Casein Company made this shipment, knowing as it did that the goods contained a considerable percentage of butter fat, that it regarded it as "casein" or "lactarene," quite irrespective of its butter-fat contents, for it is to be assumed that the Casein Company did not mean deliberately to lose its customer by deceiving it. In fact, Schwerin testified that this same merchandise rejected by the Muralo Company on account of the "excessive fat" was "our commercial casein selected—helped select" (folio 440).

"Q. That is what you put on the market as commercial casein, is it?—A. Yes, sir." (Folio 441.)

Why then is the Muralo shipment called "commercial casein" when anything above either a mere trace of butter fat, as per Chandler (folio 354), or 1 per cent of butter fat, as per Dreyfuss (folio 225), Barnett (folios 201–202), and Schwerin (folio 463), constitutes the article "lactarene" and not "casein?"

It is significant that the Government, which seems so anxious to make a case on this its fourth attempt, was not able to present a single witness engaged in the manufacture of coated papers, or in any industry where this material was used as a glue for veneer in woodworking, or as a size for silk. Its only practical man (if such he may be called) was the chemist of one cold-water paint factory. And it

is evident that the standard of 1 per cent sought to be established by Barnett and Schwerin was based entirely on the Muralo shipment testimony of Dreyfuss, for nowhere is there any evidence of an incident or specific experience that these men, or the Casein Company had with any industry other than the Muralo cold-water paint industry, as establishing, in a definite way, whether or not percentage of butter fat made any difference, and if so, what percentage.

III.—The standard. In view of the testimony of the government witnesses, when does " casein " cease to be " casein " and become " lactarene " or *vice versa?* If it depends exclusively upon percentages, then is a " casein " containing upward of 1 per cent butter fat no longer " casein " but " lactarene " according to the Dreyfuss standard? Of the three samples in Exhibit 19 two contained butter fat slightly in excess of 1 per cent, and the third somewhat under 1 per cent. Are two of these samples " lactarene " and one " casein ? "

Then, when did the use of the separator make " lactarene " not " lactarene," or make " lactarene " " casein? " Was it in 1890? Was it in 1905? Was it later? If there shall be further improvements in separators, so that butter fat shall be absolutely and completely eliminated from skimmed milk, will that make what the Government now call " casein " something else? When Schwerin testified that he bought the product from the creameries as " dried curd " and sold it as " casein " (fol. 429), at what point did the product cease to be " dried curd," and when did it become " casein," or *vice versa?* When the Casein Company received back the rejected Muralo shipment, did it treat it as " casein " or " lactarene? " Barnett seemed to think it was " casein." He called it such (fol. 203) and according to him it contained 2.4 per cent of butter fat (fol. 204). When Doctor Lederle answered the question of General Appraiser Hay he struck the key note of the controversy and pointed out the specious character of the government cleaim: " Q. *Is there any standard which you, as a chemist, would apply that would determine what quantities of impurities cause the commodity to cease to be casein? A. Not that I know of.*"

Doctor Lederle and other witnesses have made it clear that the percentage of butter fat has not changed the commercial designation of the product (*fols. 816 et seq.*), and that the advantage of the separator was that its use made more money for the makers of cream (*fol. 896*) because they get more butter out of it (fol. 924), and he confirms the statement of Professor Farrington in his book (fols. 924–930) to the effect that samples of skimmed milk containing less than one-tenth of 1 per cent of butter fat are very rare, and that, under ordinary conditions, few separators will deliver a skimmed milk containing under one-tenth of 1 per cent of fat when a sample is taken from a whole day's run. In other words, it is obvious that there is not and never was a standard, because in actual practice the percentage of butter fat to be found in skimmed milk necessarily varies. As Remington said, " It can vary from one one-hundredth up to five or six tenths" (fol. 288).

Natural indigo contained a certain amount of vegetable impurities. When it was supplanted by the synthetic product, these impurities naturally disappeared, but the Board of General Appraisers did not for that reason deny free entry to the synthetic article as indigo. (G. A. 4398; T. D. 20925.)

The opinion of the board is well worth perusal for its able discussion of that elusive thing—the standard of purity—and is convincing upon the point that an article is not a different article because it has been possible to decrease the impurities—conceding, for the purpose of argument, that over 1 per cent of butter fat is an impurity in the product under consideration in this litigation. (See also Camphor case, G. A. 5243; T. D. 24101.)

IV. The fact that other uses have been found for an article since the enactment of the tariff act does not change the article itself nor its tariff nomenclature. The fact that the principal use of this product in this country now is the manufacture of coated papers does not change the article itself, and, besides, the testimony is clear that lactarene was used for that purpose by De Jonge and Denvir prior to 1897. When the United States attorney says in his point seventh that lactarene was never intended for use in connection with the manufacture of coated papers, he forgets that Pattison, in his original specifications, said that it might be "applied for different purposes;" and he omits to call attention to the De Jonge and Denvir uses in this connection prior to 1897 (fols. 180 *et seq.;* 228 *et seq.*).

The fundamental idea which Pattison had as to the function of lactarene was that it was a glue-like substance which could be used for fixing pigments or paints to fabrics, but that did not preclude an extension of that use as a glue-like mordant or binder for fixing pigments or paints to other substances.

Magone *v.* Wiederer, 159 U. S., 555.

Point V. Economic questions involved. Under the heading of "Tariff History," the government brief indulges in considerable speculation as to what might have happened. It is idle to speculate as to that or as to what the learned United States attorney calls the "economic questions involved."

We find nowhere in the record any testimony as to the price of skimmed milk in this country or in South America, or as to the total domestic product or its yearly production. It is true that we see a good deal, in the record and the government brief, of the Casein Company of America. We are not enlightened as to how this company selected the name "casein" only as recently as 1900 and of which the government brief makes so much. We have never heard of the Casein Company of South America.

No one representing the farming interests and not a single farm or dairy expert (so far as the record discloses) appeared, and the remarks of the United States attorney seem entirely irrelevant, and should be addressed, not to the court, but to the legislative body having jurisdiction to deal with these subjects. It might be represented, on behalf of the appellee, to that body, that it is not the farmer who is likely to lose, but the Casein Company of America which is likely to gain in view of its control of the domestic production. It might be shown that great authorities on agriculture have advised the farmers to use their skimmed milk for feeding purposes as the most valuable and lucrative method of utilizing that by-product—a course which many of them have been pursuing. It might be represented that the Casein Company of America has the surface coating paper and other industries on the one hand and the creamery on the other in its grasp both as to supply of product and price therefor. And

it might be urged that this is not a domestic industry which needs protection. Many other things might be shown before a committee of Congress, but the court, as we understand, will not pay heed to the observations of the learned United States attorney or ourselves on the so-called "economic questions."

We stand solely upon the record in this case as developed after elaborate hearings, and many attempts of the Government to defeat the importers who have been uniformly successful in the tribunals below; for the record shows that "lactarene" is "casein," and "casein" is "lactarene," and identical when the tariff act of 1897 became law, and that no conduct on the part of the Casein Company of America since then can make it anything else.

It is respectfully submitted that the decision of Platt, J., in the court below be affirmed.

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Julius M. Mayer,
A. S. Gilbert,
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October, 1908.

The Chairman. We will now take up the question of coffee, and we will first hear Mr. Larrinaga.

STATEMENT OF HON. TULIO LARRINAGA, RESIDENT COMMISSIONER FROM PORTO RICO.

The Chairman. Mr. Larrinaga, there are four or five names on the list on the subject of coffee. I suppose they are all in favor of a duty, are they not?

Mr. Larrinaga. Yes, sir; they are.

The Chairman. Can it not be arranged so that two can be heard?

Mr. Larrinaga. Yes, sir. I suppose the most directly interested——

The Chairman. If you will arrange that you will oblige the committee very much.

Mr. Larrinaga. Yes; I will take the liberty of arranging it so that a gentleman from Hawaii, who has traveled over 5,000 miles to come here to be heard for a few minutes, and myself, if you are kind enough to hear me for a few minutes, will address you.

Your committee knows very well that at the first session of the Fifty-ninth Congress I introduced a bill to put a duty of 5 cents on every pound of foreign coffee imported into the United States. I did it because it was the desire of all my constituents. They felt that if everything that they used in Porto Rico was taxed for protection, that they had a kind of a right to have their main staple protected also. I am going to read only half a dozen small pages to the committee, if it will be kind enough to hear me very briefly, in which I think I have put the main arguments. I have tried to be as brief as possible.

Coffee has been, for many years, the main production of Porto Rico and its greatest source of wealth and prosperity.

Coffee in Porto Rico is the poor man's crop. Any poor man that has 1 acre of land can plant coffee in it and get ready cash for its crop as soon as the berry can be picked from the tree by selling it to his nearest neighbor, who has a small plant to prepare it for market. or can himself dry it, in the berry, and sell it in that state in the market.

Such is not the case with sugar or even tobacco, which require large capital, yield only one crop, and then disappear, while the poor man's acre of coffee when once bearing fruit is a permanent source of income to him. The manner in which the poor man plants his acre of coffee makes it very easy for him to wait from five to seven years for a full bearing of the trees. He plants bananas in the same land prepared for coffee. The bananas, or plantains, grow very rapidly. The plantain is a larger sort of banana. It is not as sweet as the bananas you use, but is a larger variety, that is eaten before ripening. It is roasted and used for bread by the poor classes.

The bananas (or plantains) grow very rapidly (in a few months) and shade the coffee trees when they are young, and at the same time furnish food for him and his family, while the shade trees and the coffee trees have time to grow.

Under the protective tariff sugar and tobacco production has largely increased.

The coffee crop in Porto Rico previous to 1898 had reached 60,000,000 pounds, with a value of $16,000,000. To-day it has been reduced to 35,000,000 pounds with a value of only $4,500,000.

The causes of this reduction are various.

It is claimed that the great cyclone of 1889 was the main cause of the ruin of coffee, but this is not altogether true. The cyclone ruined some of the plantations entirely; but in a great many of them the damages were not beyond repair if capital had been available. In general it may be said that with the necessary money all damage could have been repaired and a full crop restored in three years. Had coffee not lost its market and its price fallen from 30 to 7 cents per pound, the bankers, the merchants, and money lenders of all kinds would have furnished the coffee planters with the money necessary to rebuild their plants and stores blown down by the cyclone. and also to repair the damage done to the tree. This has been proven by experience in previous cases. In spite of all the drawbacks with which the coffee planters had to contend, it has been holding its own for nine years, in the hope that Congress would some day come to his assistance and protect it in the same way that it protects everything produced under the American flag.

Coffee in Porto Rico is produced in the mountains. The higher the ground the better the production. Sugar or tobacco can not be produced in the mountains where coffee is grown. Oranges and all citrus fruit will grow very well, but it will be a material impossibility to pick and transport oranges from such broken and precipitous ground at anything like a marketable price, and even then it would require a large sum of money to chop down and remove the shade and coffee trees and plant orange trees, which would take from seven to eight years to bear a full crop. Even if this could be accomplished—if it were possible to economically cultivate oranges in the mountains (which we deny)—it would be unwise to eliminate a staple product whose merits, like the Habana tobacco, depend upon special

climatic and local conditions and the nature of the soil and substitute for it another crop, like oranges, that is produced in almost every part of the Tropics and the Temperate Zone. Much more absurd would it be to undertake such a change to-day when we have come to form a part of the United States, the greatest coffee-consuming nation of the world, for, except the Dutch, the American people use the largest amount of coffee per capita (11¾ pounds) per year and a total of more than 1,000,000,000 pounds every year.

Porto Rico coffee is sold to-day to the coffee-drinking nations of the world—France, Italy, Spain, Austria-Hungary, and Cuba.

Porto Rican coffee brings the highest price in those nations, but the money remains there. While coffee sells in New York for $10 a quintal, or 10 cents a pound, it sells for 28 cents or 30 cents in Europe, and sometimes for 35 cents, so that in spite of the higher freights, in spite of the 12½ cents duty per pound that our coffee pays there as a minimum, it is more profitable to send it to those countries than to send it to New York in American bottoms and free of duty. And this happens in a country where the total coffee (often sold for 26 cents and upward per pound under the assumed names of Mocha and Java) is ten times greater than the whole production of the island of Porto Rico.

The coffee planter has always been in the hope of obtaining some protection from Congress, and in years past he has been producing coffee at a loss. But it is the working class, the field laborer, that has suffered the most and who is still suffering severely. The laborer in the coffee plantations only gets 30 cents a day, and there have been many instances in some of the most afflicted districts when they were not allowed to work all day, and one only got 15 cents for a half day. These are the real facts that can be easily proven. Many of the small farmers who had a little farm of their own, which enabled them to live in comfort, supporting their families, are to-day mere peons (field laborers) getting a salary of 30 cents a day. Up to two years ago the number of small farms sold by the insular government to pay a few dollars taxes were about eight hundred, and the number has been increasing.

Our contention is that a duty of no less than 5 cents per pound—Europe puts 12½ cents—should be put on all foreign coffee coming into the United States, and this for the following reasons:

First. Because, after all, the people of the United States are not having coffee free of duty at all. When in 1873 Congress placed coffee in the free list, Brazil, who furnished three-fourths of all the coffee used in the United States, placed an export duty on their bean. From that time to the present day American consumers have paid the treasury of three States of Brazil the sum of $380,000,000.

Mr. Hill. What is that export duty? Is it continued?

Mr. Larrinaga. Yes.

Mr. Hill. How much is it?

Mr. Larrinaga. Five francs per bag, and an additional 1 franc, I believe, if the crop goes beyond 9,000 bags, which it has done for the last few years.

Mr. Hill. How many pounds of coffee are there in a bag?

Mr. Larrinaga. One hundred and thirty pounds, or 132 pounds.

I have stated the first reason.

Second. Because it is just and fair that Porto Rico, which to-day contributes her share to the prosperity of many of the products and of nearly all the manufactures in the United States, and is willing to shoulder her share of the high domestic prices, should also have her share of protection and have her main staple protected.

One or two examples will suffice to prove the above assertion. When a Porto Rican planter in our large coffee plantation has to replace his boiler, or any part of his machinery, he can no longer buy it in England, Belgium, or France, as he did before. To-day he orders it from the American manufacturer, to whom he has to pay a much higher price than our neighbors from Santa Cruz or any of the other foreign islands have to pay at the same factory, because the American manufacturer has to lower his price for them in order to compete with the Europeans, or his customer will not buy of him. This is equally true of all other articles that we use.

Mr. GRIGGS. You say that you pay a higher price in Porto Rico for machinery than they pay in the other foreign islands. Do you mean to say that?

Mr. LARRINAGA. Yes, sir; we do.

Mr. GRIGGS. Machinery made in the United States?

Mr. LARRINAGA. Yes.

Mr. GRIGGS. Do you pay more than they do in Jamaica, for instance?

Mr. LARRINAGA. Yes.

The CHAIRMAN. Mr. Griggs, let us hear what you are asking.

Mr. GRIGGS. Do you mean to say that you pay higher for machinery in Porto Rico than they pay for the samé machinery manufactured by the same corporation in the United States?

Mr. LARRINAGA. Yes, sir; manufactured by the same corporation. by the same factory. We have to pay a higher price. That is a well-known fact, which can be proven by any number of affidavits that the gentlemen of the committee might desire to have.

Mr. HILL. It is only the additional freight, is it not?

Mr. LARRINAGA. The additional freight; and the man would go to England and get it there if he does not get a profit.

Mr. HILL. You are drawing a distinction between property bought in England and the same thing bought in the United States?

Mr. LARRINAGA. Yes, sir. I will explain to you gentlemen how it is.

Mr. DALZELL. You did not understand that, Mr Griggs, did you?

Mr. GRIGGS. Yes; you have got it wrong, if I can get him to understand me. Do you mean to say that American manufactured goods sell lower on American soil than they do on foreign soil?

Mr. LARRINAGA. Not lower on American soil. We call Porto Rico American soil.

Mr. GRIGGS. Then you say they sell higher?

Mr. LARRINAGA. They sell higher in Porto Rico than they sell in any of the neighboring islands.

Mr. GRIGGS. With the same freight rates?

Mr. FORDNEY. Do you know that to be a fact, my friend?

Mr. LARRINAGA. Yes, sir; I know it to be a fact.

The CHAIRMAN. What American machinery do you refer to?

Mr. LARRINAGA. Anything, from a boiler to a bolt.

Mr. GRIGGS. Can you buy a sewing machine, made in the United States, cheaper in Jamaica than in Porto Rico?

Mr. LARRINAGA. You could not buy it in America. I meant in England. The Jamaicans will buy cheaper from the American manufacturer than the Porto Ricans.

The CHAIRMAN. Do you say that is true of all machinery that is sold, of all kinds, or what?

Mr. LARRINAGA. I would not commit myself to say that there might not be some peculiar piece of machinery that did not come under that; but I say that as a rule all American manufactures sell higher in Porto Rico than in the neighboring islands.

Mr. FORDNEY. Why do you not buy it in the neighboring islands and ship it to Porto Rico, then?

Mr. LARRINAGA. We could go there and buy it, but then we would have to pay the duty coming into Porto Rico, sir. We know that? [Laughter.] That would be a very poor bargain. We know better in Porto Rico.

The CHAIRMAN. What machinery do you know about? I would like to know what the fact is. What sort of machinery do you know about?

Mr. LARRINAGA. Boilers, for instance. I know of that.

The CHAIRMAN. And what else?

Mr. LARRINAGA. Any other machinery. Coffee hullers, that we use for the coffee; sugar mills, and all sugar and coffee machinery.

Mr. GRIGGS. Could you buy a harvester cheaper? You do not use them there, I suppose?

Mr. LARRINAGA. Very few people use them.

Mr. GRIGGS. You do not know about that?

Mr. LARRINAGA. Yes, sir; I know that some people have them, but as a rule they are not used. We do not grow anything that has to be cut in that way.

Mr. GAINES. May I ask you a question? Will you name some machinery, and the maker of it, which is sold more cheaply in the other islands than it is in Porto Rico?

Mr. LARRINAGA. Yes, sir; I have told the gentleman of boilers.

The CHAIRMAN. He asked for the makers.

Mr. GAINES. Who made them?

Mr. LARRINAGA. The factories, here?

Mr. GAINES. Yes.

Mr. LARRINAGA. I believe every factory, because if there was one that did not our Porto Rico people would go to it surely.

Mr. GAINES. I should think so. But I wanted to find out the specific machine, and who makes it and sells it at a cheaper price to the other islands than to Porto Rico.

Mr. LARRINAGA. I am not prepared now to state that, but I can furnish the information.

Mr. GAINES. I wish you would.

Mr. LONGWORTH. And also how much cheaper.

Mr. LARRINAGA. I will try to do that.

Mr. GRIGGS. These factories do not export themselves, do they? Do they not export through houses like Peabody & Co., in New York?

Mr. LARRINAGA. They have agents there who take the orders and send here. That is the ordinary way of doing business.

Mr. GRIGGS. That is the way you buy these things, from the importing agent of the manufacturer?

Mr. LARRINAGA. Ordinarily, because many a time a man who wants to replace his boiler goes to his banking house and gives the order.

Mr. GRIGGS. That is right. I am glad you came to Congress.

Mr. LARRINAGA. The rural population of Porto Rico lives mainly on rice that we have for several years past been buying from the Louisiana and Texas planters. We buy of them over 1,000,000 bags, or "pockets," as they call them. We have been paying to those planters every year about $2,500,000 more than we would have to pay to Japan, British India, or Spain if it were not for the protective tariff. With a protective duty of 5 cents per pound on foreign coffee, Porto Rico planters will receive a benefit of about $1,500,000. Of course this will eventually increase under the stimulus of protection, but will surely never double. I make that assertion. Of course we can not tell.

The main arguments used against a protective tariff on coffee are:

First, that Congress should never tax the poor man's breakfast table.

Gentlemen, I have heard that from every American I have heard speak on the subject; but when I saw that everything on the breakfast table of the poor man was taxed, beginning with the sugar that he puts in his coffee, in his pie, in his cake, and in his candy, from the top of his head to his shoes, I could not find what difference it made to the poor man whether you tax him on one side or the other, whether you take his money from one pocket or from the other. After a while I thought there might be some secret reason, some religious reason, and so I went and looked over the ten commandments to see if there was anything stated about not putting a duty on coffee. I could not find anything about it. [Laughter.] I do not see how anybody can tell me, if the poor man's breakfast table is taxed in everything he uses, that it makes any difference whether you tax his coffee.

Mr. FORDNEY. The Republican party did not make the ten commandments, but they did make the tariff law.

Mr. LARRINAGA. The Republican party made the tariff law, and they made many other good things. I am for tariff, too.

Mr. FORDNEY. You talk like a free trader.

Mr. LARRINAGA. I believe if the poor man had $2 taken from all his other taxes for every dollar that is taken from his coffee here he will be glad to have it done.

The main argument used against a protective tariff on coffee is, first, that Congress should never tax the poor man's breakfast table. It is really astonishing to hear such weak argument repeated even by intelligent people, and this is simply because they do not take the trouble to examine it for a single minute.

The poor man who, in the end, is greatly benefited by the protective tariff, has his breakfast table taxed by the duty he pays on the sugar he uses in his coffee, in his cakes, in his pie, and he also has his breakfast taxed on the beef he eats, and, in short, in everything he uses on his breakfast table. Why should his coffee not be taxed? What difference does it make to him whether you get his money through coffee or sugar, his shoes or his shirt.

When Congress placed coffee in the free list it acted rightly and wisely. Congress could not foresee what other nations were to profit by that measure to tax the American people. Congress was framing a protective tariff and coffee was not produced in any part of the

United States. But at the present time things have changed very materially, and coffee is produced in all the outlying territories of the United States. In putting a tax on coffee Congress will not only get a revenue for its own Treasury, but part of it will be taken from Brazil. A tax of 5 cents per pound on coffee will only represent one-tenth part of a cent for a cup of coffee for the poor man. The average consumption of coffee in the United States, we have said, is 11¾ pounds per capita per year, so that the workingman who on an average gets $470 a year is taxed only 58 cents for his coffee. Five cents on every pound of coffee imported into the United States will represent a revenue of from $50,000,000 to $60,000,000 every year. If this money is wanted in the United States Treasury, then Congress should not hesitate in putting on the duty. If, on the other hand, this revenue is not wanted to-day for the expenses of the Government, then Congress should take off some of the duties from raw material and protect the manufacturers and the people who use their products.

The other argument always presented against a duty on coffee is that it would not be fair to tax 80,000,000 people to protect 1,000,000. This argument is still weaker than the other one. In the first place, Porto Rico is not asking simply for a bounty for itself, but for a protective duty for all coffee produced in the American territory—the Hawaiian Islands, Philippines, Porto Rico, and any other part of the United States that may take to producing coffee. There is no such thing as 1,000,000 against 80,000,00, but 8,000,000 to be benefited by the measure. In the second place, the case with coffee is the same as with all other protected products. Are there any of the protected products or manufactured products produced in all parts of the United States? Does the whole of the United States produce rice, sugar, tobacco, chicory, or wheat? Are watches, shoes, etc., manufactured in every State of the Union? Are not steam fire engines protected by the tariff? And yet they are manufactured in only two or three places in the United States.

So, Mr. Chairman, I believe the argument does not hold good at all. This is not only the case in the United States; this is the case in every large country. One part produces wheat, another produces corn, another raises sheep and produces wool, etc. This is a general case. So that the argument of the 80,000,000 against the 8,000,000 does not hold good at all.

Mr. Randell. I would like to ask you a question.

The Chairman. Let Mr. Larrinaga finish reading his paper. Read the rest of your paper first, Mr. Larrinaga.

Mr. Larrinaga. Thank you, Mr. Chairman. I hope it will interest you to the point of putting a tariff on coffee.

Without an effective protection coffee production is bound to disappear from Porto Rico within a few years. Where will our 300,000 people of the mountains go for a living during the long period of that process? Will they migrate again to Hawaii, to Yucatan, Mexico, and to Peru, as did many thousands during 1900 and 1901? Will the United States, who for years has been offering a piece of bread to the hungry and a home to the homeless of all nations, appear in turn as a country who has to send her own children to foreign lands in search of that bread? Are those 300,000 peasants of the mountains, our peaceful, hard-working, law-abiding citizens, of pure Caucasian race, to be left to starve? Are they going to look back with regret to

the good old days when they lived happily and in plenty with their families, never dreaming that a day was to come when they would have to leave behind them everything that is dear to them or see their loved ones perish for the lack of all means of subsistence?

The CHAIRMAN. Have you completed your reading?

Mr. LARRINAGA. Yes; I have finished the paper.

The CHAIRMAN. Now ask your question, Mr. Randell.

Mr. RANDELL. You stated that in the purchase of rice from Louisiana and Texas you had had to pay an extra price. I wanted to ask you this: Is rice from those States or from the United States sold in Porto Rico at any higher rate than it is in other places?

Mr. LARRINAGA. I do not think so. I do not know. I could not answer that. All I know is this——

Mr. RANDELL. They charge the same price in Porto Rico as in the other islands.

Mr. LARRINAGA. Yes; I do not know how it is with rice, but I know this, that if we could get that rice from Japan, British India, or Spain we would be paying 2½ cents less per pound, and as we buy over 1,000,000 bags every year we are paying very nearly two and a half million in protection to that rice. We are willing to share that burden; but the poor man who raises the coffee and who works in the coffee fields and who gets 30 cents a day lives almost exclusively on rice, and I want his product to be protected the same as the food that he lives on is protected. That is our contention.

The CHAIRMAN. How much coffee did you ever produce in Porto Rico in a year?

Mr. LARRINAGA. How much could we ever produce?

The CHAIRMAN. How much did you ever produce?

Mr. LARRINAGA. Sixty million pounds.

The CHAIRMAN. How much does it cost you to produce that coffee and lay it down in New York?

Mr. LARRINAGA. To lay it down in New York, it would cost now from $10 to $11.

The CHAIRMAN. About $11. Eleven cents a pound, do you mean?

Mr. LARRINAGA. Yes.

The CHAIRMAN. That is less than it cost you ten years ago, is it not; and less than it cost six or eight years ago?

Mr. LARRINAGA. No; I did not say that it cost less to produce it. It costs to-day, to produce it, about $10, but I am calculating the freight, and putting on a dollar more. I am not a merchant myself, but I know it costs in the neighborhod of $10 to produce it there.

The CHAIRMAN. And you think it would take another dollar to get it into New York. Is that right?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. Where did you sell it before Porto Rico was annexed to the United States?

Mr. LARRINAGA. We sold it to France and to Spain, Italy, Austro-Hungary, and Cuba, too.

The CHAIRMAN. Where do you sell it now?

Mr. LARRINAGA. We sell it to the same countries, because they are used to it, and they will pay a very high price, which makes up for the higher freights and for the tariff of 13½ cents that we have to pay.

The CHAIRMAN. Do they buy the whole crop?

Mr. LARRINAGA. Yes; they take our whole crop. We do not sell in New York the one-hundredth part of it. The sale is very insignificant there.

The CHAIRMAN. How high a price do you get in France?

Mr. LARRINAGA. In France we get from 28 to 35 cents.

The CHAIRMAN. Is it necessary for you to get that in order to pay 30 cents a day to the people on the coffee plantations?

Mr. LARRINAGA. No, sir; it would not be if we did not have to pay 13½ cents duty.

The CHAIRMAN. And you have to pay the freight there?

Mr. LARRINAGA. And a higher freight.

The CHAIRMAN. So that that reduces it down to about 16½ cents?

Mr. LARRINAGA. It would take all that from our price; yes.

The CHAIRMAN. And it is necessary for you to get about 16 or 17 cents in order to live at 30 cents a day?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. Do you know that the coffee that is imported into the United States is imported here at about 8 cents a pound on the average?

Mr. LARRINAGA. From Brazil, mainly; yes, sir.

The CHAIRMAN. The whole importation averages 8 cents a pound.

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And there have been years when it averaged 4 and 5 cents a pound.

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. But that was before the Brazilian Government went into the coffee business and bought up the crop and sold it at their own price, was it not?

Mr. LARRINAGA. I do not think that is working at all.

The CHAIRMAN. It is so reported. I do not know whether it is so or not, but it is reported that they have taken it on themselves to take care of the crop and of the price. With a duty of 5 cents you say you could increase the production?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. How much?

Mr. LARRINAGA. Very greatly.

The CHAIRMAN. How much?

Mr. LARRINAGA. I should think it will be three times larger, or three or four times larger, in the course of five or six years.

The CHAIRMAN. Three or four times as much as at the present time?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. How much do you produce now?

Mr. LARRINAGA. Sixty million pounds.

The CHAIRMAN. What is that?

Mr. LARRINAGA. I made an error. I should have said three or four times more than we ever produced—60,000,000 pounds. We are producing only 35,000,000 now.

The CHAIRMAN. How much are you producing now?

Mr. LARRINAGA. Thirty-five million pounds.

The CHAIRMAN. But you did produce 60,000,000 pounds?

Mr. LARRINAGA. Yes.

The CHAIRMAN. Before annexation?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. You think the extent of your production then would be 200,000,000 pounds?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And you think that would be about the limit?

Mr. LARRINAGA. You can not tell, because protection——

The CHAIRMAN. The sugar business has grown, has it not, since it has been protected?

Mr. LARRINAGA. Yes.

The CHAIRMAN. And many tons are now sent to the United States?

Mr. LARRINAGA. About 250,000.

The CHAIRMAN. You have gotten some compensation out of that, have you not?

Mr. LARRINAGA. We have gotten some, of course.

The CHAIRMAN. And you send other products to the United States?

Mr. LARRINAGA. We are still living, on that and tobacco.

The CHAIRMAN. You send other products to the United States?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And you have gotten large benefit out of that?

Mr. LARRINAGA. Yes; on sugar and tobacco, and we are beginning to have it on fruit under the protective tariff.

The CHAIRMAN. Have you figured up how much benefit you have gotten this last year on sugar, tobacco, and everything?

Mr. LARRINAGA. No, sir; I have not had time to figure it.

The CHAIRMAN. It would be a rather large sum.

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. How much rice do you buy from the United States?

Mr. LARRINAGA. About 1,000,000 bags. This year it will go beyond 1,000,000 bags.

The CHAIRMAN. How many pounds are there in a bag?

Mr. LARRINAGA. One hundred pounds to the bag, I think.

The CHAIRMAN. About 100,000,000 pounds, roughly?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. How much do you pay for the Louisiana rice? Do you pay more than you do for the Japanese?

Mr. LARRINAGA. We pay about $2, and sometimes even as high as $2.50, $2.25, and $2.30.

The CHAIRMAN. Sometimes it is more than the duty?

Mr. LARRINAGA. Oh, yes.

The CHAIRMAN. Do you get all your rice in the United States?

Mr. LARRINAGA. Yes; from Louisiana, and we are beginning to get some from Texas.

The CHAIRMAN. You get it all from the United States?

Mr. LARRINAGA. Yes, sir; everything.

The CHAIRMAN. Of course with a cent a pound on coffee one billion of exports would make $10,000,000 a year in revenue.

Mr. LARRINAGA. Five cents?

The CHAIRMAN. One cent would make $10,000,000 a year in revenue. Five cents would make $50,000,000.

Mr. LARRINAGA. No; I believe the gentleman is mistaken. We never raised a million——

The CHAIRMAN. Oh, no. I say a million pounds imported into the United States would produce that revenue.

Mr. LARRINAGA. Oh, a million pounds?

The CHAIRMAN. Yes.

Mr. LARRINAGA. That is all right.

The CHAIRMAN. One cent a pound would make $10,000,000 of revenue and 5 cents a pound would make $50,000,000 of revenue.

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And do you think that would be a good idea, economically, for the United States?

Mr. LARRINAGA. Yes, sir; I think so myself.

The CHAIRMAN. Have you any information as to how much coffee is produced in the Hawaiian Islands, or will some other gentleman speak of that?

Mr. LARRINAGA. I know about it, but I would rather give the chance to the gentleman who has come from Hawaii, Mr. Louisson.

Mr. BOUTELL. Mr. Larrinaga, why is it that it is impossible to get Porto Rican coffee here? The best coffee I ever drank came from Porto Rico, and I have been to every grocery store in Washington endeavoring to get some, and they do not have it.

Mr. LARRINAGA. It is not our fault. I do not want to present here the small bickerings of the colonial government. Four years ago the legislature appropriated $12,500 for an agent in New York, but through some influence the job was given to a man who failed entirely. He spent four years there and did nothing. You can get a pound of the coffee in New York City sometimes, but the sale every year amounts to only a few thousand dollars—twenty or twenty-five thousand dollars' worth of coffee for a whole year.

Mr. BOUTELL. It all goes to these foreign countries?

Mr. LARRINAGA. It all goes to Cuba, France, Spain, Italy, and Austro-Hungary, because our coffee is appreciated there, and they will pay any price for it.

Mr. BOUTELL. And the people certainly would here, if it were demonstrated to them. It is a superior coffee.

Mr. LARRINAGA. Yes.

The CHAIRMAN. If you spent a few thousand dollars in demonstrating the coffee in the United States, you would probably get more out of it than by a duty of 5 cents.

Mr. LARRINAGA. We spent $50,000 and failed to sell one pound. The chairman of the committee asked me once the same question—where he could get a pound of the coffee.

Mr. BOUTELL. Right in that connection, let me ask you this: How much Java and Mocha coffee that the innocent and credulous consumer buys comes from Java and Arabia?

Mr. LARRINAGA. I believe about one-fifth of it.

Mr. BOUTELL. And where does the rest of it come from—from Brazil?

Mr. LARRINAGA. While visiting Brazil, on the large plateaus of Brazil where their factories are, I noticed on every plantation one big machine, made in the United States—and they buy very few things from here—marked "Mocha coffee." So they make it there.

Mr. BOUTELL. That is a long way from Arabia.

Mr. LARRINAGA. Yes; it is right out on the São Paulo.

Mr. BOUTELL. What I am trying to get at is this: Alongside of your requesting this duty, could not something rational be done to point out to the people that four-fifths of the coffee which they buy

as superior Java and Mocha does not come from Java or Arabia at all, and that Porto Rican coffee is just as good as the imitation Java and Mocha and a good deal better?

Mr. LARRINAGA. Yes; that is true in theory.

Mr. BOUTELL. I think that Porto Rican coffee is the best in the world.

Mr. LARRINAGA. But the proposition of changing the habits of a people is so difficult—experience has shown that it is such a hard and difficult task—that I think it would take a good deal of money and a good many years to undeceive the people.

Mr. BOUTELL. You think they would prefer going on being deceived about their Java and Mocha coffee?

Mr. LARRINAGA. The consumer does not; it is the man between the consumer and the producer. I have a little paper there that I could read—it is not any bigger than that—by which I could demonstrate to the gentleman from Illinois that a coffee bought in New York at 12 cents a pound is sold in New York for 28; and you will see there that while the producer gets a dollar or two per quintal, or a cent or two per pound, to make his living, there is the jobber and there is the roaster who gets 2 cents, and the other gets 3 cents, and the other gets 5 cents, and so on. It goes through about eight or ten hands, and everybody gets about three, four, or five times more than the producer; and the coffee is sold for 25 or 28 cents a pound.

Mr. BOUTELL. And the consumer gets roasted every time? [Laughter.]

Mr. LARRINAGA. Yes; he gets roasted every time.

The CHAIRMAN. I want to say to you, Mr. Larrinaga, that if you would make a market for your coffee in New York by proper advertisement you would get more for it than you get in France. You would be able to sell your entire 200,000,000 pounds there, if you can raise any such amount, and do a good deal better than you would with this tariff. I have an experience somewhat similar to Mr. Boutell's. Every time I ask a Porto Rican where I can buy some Porto Rican coffee he takes that as a hint that I want him to send me some, and he will send me 20 or 30 pounds of coffee. I got tired of having people do that, because I thought that they thought I was begging for their coffee. I was trying to buy it, but I could not find any place where I could buy it.

Mr. LARRINAGA. I would be willing, in the name of my constituents, to make a bargain with anybody, instead of having the 5 cents protective duty, to give the money necessary to pay for getting to that end, to teach the people of the United States to prefer our coffee to any other coffee. I would make that proposition. It would take a good many years, Mr. Chairman, and a good many hundred thousands of dollars that we have not.

Mr. UNDERWOOD. Let me ask you a question: Is there any more reason why the sugar of Hawaii should have a tariff to protect it than the coffee of Porto Rico?

Mr. LARRINAGA. I have not found one; and I have been looking for it, as I told you, even in the sacred book.

Mr. UNDERWOOD. They both go on the breakfast table together?

Mr. LARRINAGA. Yes, sir; every one of them.

Mr. UNDERWOOD. And they are both capable of producing a revenue to the Government?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. Is it not a fact that the duty on sugar commenced with a duty for revenue years ago, and that it has been the policy of all parties in the United States to put a tariff duty on sugar for the purpose of revenue?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And that under that there has grown up the cane sugar industry in the southern States and the beet sugar industry in the northern States?

Mr. LARRINAGA. Yes, sir; and the rice.

The CHAIRMAN. And the primary object was a revenue out of sugar; that we had a revenue duty upon coffee at one time in the United States that lasted a good many years, and no industry grew up out of it, because we had no possessions in the tropical clime at that time, and could not produce it?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And that the duty was dropped a good many years ago; and that that is the distinction between the sugar duty and the coffee duty, and the reason for it?

Mr. LARRINAGA. And the reason for it, at that time. But now that there are so many territories of the United States producing it, Mr. Chairman, I want it to be distinctly understood that I do not protest in the name of my constituents about protection on everything else. We have protested on no protection on our main staples.

Mr. HILL. How are you going to educate the people to prepare and use Porto Rican coffee under a tariff if you can not do it under free trade?

Mr. LARRINAGA. Because of this: The minute we get protection, we will have $5 per quintal—that is, that will be equivalent to a bounty of 5 cents per pound.

Mr. HILL. Where from? Who is going to buy it and pay the additional amount, if they will not buy it now?

Mr. LARRINAGA. The Brazilian Government will have to withdraw the 1 cent altogether. We will be that margin ahead of them. When they could not sell coffee at $8 we could sell it at $13.

Mr. HILL. To whom would you sell it at $13?

Mr. LARRINAGA. To the people of the United States.

Mr. HILL. You say it is impossible to educate them to prepare it and use it under a reduced price, however?

Mr. LARRINAGA. I do not say that it is impossible; I say it is a long task. We are selling ahead of Brazil to-day; we are selling to-day at 13 cents a pound when they are selling at only 8. If we get $5 ahead of them they can not compete; they will be out of the race, and the people of the United States will take ours.

Mr. CRUMPACKER. You mean you can not compete with the Brazilian coffee on equal terms?

Mr. LARRINAGA. No, sir; not on equal terms. We have cheap labor; we have labor for 30 cents a day, and yet they pay only about 15 cents; so they have even cheaper labor. Our people are starving at 30-cent wages, and yet they get their labor cheaper.

Mr. BONYNGE. Their labor costs 15 cents?

Mr. LARRINAGA. Yes, sir; their labor costs 15 cents per day.

Mr. GRIGGS. Mr. Larrinaga, may I ask you a question?

Mr. LARRINAGA. Certainly.

Mr. GRIGGS. If I understood you—I want to understand you clearly, and you said you wanted to be understood clearly—you are a protectionist on coffee and a free trader on sugar and rice?

Mr. LARRINAGA. No, sir; I am a protectionist all through. I said earlier in my remarks that I am willing to shoulder that protective tax on rice, because the man that produces the coffee feeds on rice; but I believe it is fair that what he produces should be protected just the same.

Mr. GRIGGS. But you want to equalize it?

Mr. LARRINAGA. I do not ask even that much. That 5 cents would represent one million and a half dollars to our people; and yet we are paying two and a half million more. I want a "square deal," as the President puts it. If you want to take off the tariff, take it off from everything else; then we will not ask for any protection on coffee at all.

Mr. GRIGGS. That is a good position to take.

The CHAIRMAN. Who is the other gentleman whom you desire to have heard, Mr. Larrinaga?

Mr. LARRINAGA. Mr. Louisson, from Hawaii, the most competent man in the archipelago.

STATEMENT OF MR. ABRAHAM L. LOUISSON, OF HAWAII.

Mr. LOUISSON. Mr. Chairman and gentlemen, I have come 5,000 miles to present this case here, and I got in last night at 12 o'clock. The statement that I present to you I have worked on for many years. It relates to the industry as it is to-day and as it will be under protection, as well as to the other phases of the coffee industry, and some of our trade relations with other countries. I therefore crave your kind indulgence for a little while.

In presenting my plea for protection to coffee grown under the American flag it will be my endeavor to array in a concise and brief manner such facts and statements relating to this product so as to unfold before you the possibilities that await us in our insular territories when protection becomes a reality.

Present status of American coffee industry.

The American coffee industry to-day is a weak and struggling infant, when we view its present dimensions, in Porto Rico, Hawaii, and the Philippines.

The production at present in these mentioned territories is about as follows:

	Pounds.
Porto Rico	40,000,000
Hawaii, about	3,000,000
The Philippines (for home consumption, 7,000 piculs of 133⅓ pounds each; none for export)	930,000
Total	43,930,000

We shall now examine the past status of the industry in order named, in each territory, and thus endeavor to get a line on future growth and possibilities when protection is assured.

Present status of Porto Rican industry.

In order to substantiate in authentic manner the facts of the Porto Rican coffee industry, I submit herewith some of the statements by ex-Governor Beekman Winthrop, of Porto Rico, which appeared in the North American Review of January, 1906, as follows:

The United States Census of Porto Rico for 1899 gives the number of coffee plantations at 21,693, and the entire area planted as 193,031 cuerdas (a cuerda being practically equivalent to an acre), thus making an average of only 9 acres per plantation.

The extent of the coffee plantations at that time was also surprising.

According to the same census, 41 per cent of the total cultivated acreage of the island was planted to coffee. To the small owner the cultivation of this product is comparatively easy. But little capital is required, provided the planter can wait the necessary five or six years for the trees to reach maturity. Expensive implements are not necessary, and the laborer, with the aid of his family, can readily cultivate 3 or 4 acres, at the same time devoting a portion of the year to work on the larger plantations. Moreover, conditions of labor on the coffee plantations among the hills under the shade trees are healthier than in the sugar-cane fields on the coast, where there is no protection from the direct rays of the sun.

Another reason of the importance of the industry to Porto Rico arises from the fact that the interior, and by far the greater portion of the island, is mountainous, and therefore well adapted to its cultivation, although not suited for sugar-cane, cocoanuts, or sea-island cotton.

Thus no other crop can be substituted in its place. Upon it depends the future prosperity or poverty of a very great section of the country.

It can not be denied that the peon, or day laborer, in the coffee regions is very poor—indeed, distressingly so; his house is badly constructed and his clothes are scanty.

Tropical fruits, especially the plantain, grow readily, and with but little labor a crop of potatoes or Indian corn, sufficient to keep body and soul together, can be cultivated. Not a very cheerful picture certainly, but one which points to the necessity of stimulating the coffee industry.

He further says:

The greatest production was, in round numbers, 59,000,000 pounds. And that same can be increased several times through protection.

Thus, three or four times this amount would give us a crop of 117,000,000 to 236,000,000 pounds when amply aided by tariff protection in American markets.

From the magazine The World of To-day, in an article by C. H. Forbes-Lindsay, we glean further facts on the industrial past of Porto Rican coffee. He says:

The most remarkable changes have taken place in the industrial economy of the island during the past few years.

In the first period, under Spanish rule, coffee was by far the principal product of Porto Rico. It represented a value more than twice as great as that of the other shipments combined. Upon annexation the protected markets of Spain and Cuba were closed to the Porto Rican planter, and the utmost endeavors to secure for this product a sale in the markets of the United States have failed. The total value of coffee exported in the fiscal year of 1907 was $4,693,004, as compared with a value of $12,222,000 in 1897.

Planters are unanimous in their opinion that the salvation of the industry depends upon securing the markets of the United States, or in some form of protection.

Protection of Spanish market.

Spain has an import duty of 12¼ cents a pound on the product, and Porto Rico evidently received this amount of protection in the home country. This is something worth while.

The Hawaiian coffee industry.

In Hawaii coffee is a minor industry and its importance as yet is not very great or significant. The present output is in the neighborhood of 3,000,000 pounds annually. The bulk of it is produced in the Kona district, on the large island of Hawaii, where it has struggled along in a haphazard way for many years past. However, the entire group is suited to its culture, with conditions created that are demanded in its cultivation, namely, wind-breaks and shade trees.

Sugar Hawaii's present mainstay.

At present sugar is the mainstay of Hawaii, the production of which for the year 1908 will exceed 500,000 tons.

A short review of the sugar industry proves clearly and convincingly what protection accomplishes, and has accomplished, toward the building up of an industry.

Prior to the reciprocity treaty of 1876 with the United States Hawaii produced about 9,000 tons of sugar annually. The plantations were small and scattered about the group in various localities. All parties connected with the sugar industry prior to 1876 were more or less bankrupt and the ownership of estates was constantly changing hands. No progress as regards a healthy growth and expansion could be discerned. The financial results at that period proved up mostly in losses. But, lo and behold! what a lightning transformation ensued when Hawaiian sugars were admitted free of duty into the markets of the United States. The industry grew by leaps and bounds. The key to the solution, of course, was tariff protection.

Coffee possibilities equally as great in Hawaii.

Hawaii offers as great opportunities in coffee as have been offered in sugar, but it is absolutely necessary, vital, and urgent that this product receive the same exact treatment that has been bestowed upon sugar, as well as practically all of your mainland productions.

Hawaii has an area of 6,449 square miles, whilst Porto Rico figures 3,606 square miles, or about half that of the former.

Taking Porto Rico as the basis of computation, Hawaii's output under favorable and maximum conditions—which would accrue through protection—should be double that of Porto Rico, or say from 200,000,000 to 350,000,000 pounds. With all of the available coffee area under cultivation, the crops would vary from year to year, as coffee, like other fruit-bearing trees, would yield light and heavy crops, no trees being able to stand the strain of a maximum crop yearly. Like other producing trees or bushes, they take on a period of rest and recuperation.

Hawaii and Porto Rico combined should be able to supply about one-half of the demand of the United States.

Mr. Jared G. Smith, former director of the federal experiment station in Hawaii, contributes, in an article on agricultural experiment work to ex-Governor Carter's annual report, some impressive remarks under the subhead of "Coffee investigations," of which the following are excerpts:

There are 300,000 acres of land in Hawaii available for the production of this crop. There is no other industry comparable with the coffee industry for

the support and maintenance of a European citizen population. The coffee belt is the most salubrious in the islands, and the whole industry is one to which white men would readily turn their attention, provided the National Government would give this industry the same protection that is afforded to sugar and other crops.

It is my opinion that it is highly probable we may have 500,000 acres suited to its culture, since protection, if ample, would develop unthought-of stretches of country and also divert lands growing other crops to coffee if its cultivation assures better financial returns.

Mr. Smith further remarks:

A duty of 5 cents a pound would lead to the investment of $100,000,000 of outside capital in Hawaii during the next five years.

Coffee, the infallible Americanizing agent for Hawaii.

President Roosevelt has always expressed himself most emphatically on the desirability of Americanizing Hawaii.

Any student of oriental affairs will clearly discern in Hawaii the one outpost—the buffer territory, so to speak—that should act as the defense of our western slope. By affixing to the soil a permanent Anglo-Saxon, Teutonic, and Latin population, the make-up of future American citizens, we strengthen at once the political status of our country. When the cultivator of comparatively small areas of land can live and thrive out of the results of a paying crop, he becomes a valuable asset to the commonwealth and nation.

The present population of Hawaii is small, figuring about 165,000, whilst Porto Rico, with about half the area, contains 1,000,000.

As heretofore stated, coffee is the industry of the small man, and coupled with the fact that its agricultural features make it the most attractive industry in tropical zones, its power as an agent to populate and Americanize Hawaii can not be controverted.

Hawaii the malta of the Pacific.

Furthermore, as the United States has appropriated millions of dollars for fortifying Pearl Harbor to make Hawaii the Malta of the Pacific, the manning of these fortifications in times of trouble must come from a yeomanry that has grown up on Hawaiian soil, who have homes thereon and are deeply attached to it.

Henceforth in protection to coffee lies the consummation of this problem. This phase of the coffee issue in itself should warrant serious and favorable consideration at the hands of Congress.

Philippine coffee industry.

The Philippine coffee industry is to-day a minimum factor in the commerce of that territory, the 930,000 pounds now being raised annually not even sufficing for local consumption. The largest production obtained was in 1883, when the exports amounted to 16,805,201 pounds. From then on it gradually declined, till now it is but a shadow of its former self.

It is necessary that I make some preliminary explanations of the failure and decline of the industry before citing future possibilities, so that you may intelligently comprehend the chief causes of its decay. can be established in the Philippines on a scale of such importance

one is that the trees were attacked by various pests, and the secondary and more important one being the fall in the price of the product the world over.

From the literature I have read on the subject of the Philippine coffee industry, as well as that of other countries, coupled with my experience in its culture, I am firmly of the opinion that the industry can be established in the Philippines on a scale of such importance that its former output of 17,000,000 pounds will dwindle into insignificance in comparison.

Must adopt shade culture.

The secret of coffee culture that will last and prevail against all manner of pests is a shade culture. The Philippine culture was an open one (no shade trees interspersed in the fields), the same error as prevailed in Ceylon, where it succumbed to leaf disease (*Himilea vastatrix*). Trees exposed to the continued rays of the sun overbear when young, also suffer in dry spells, which tends to sap the vitality of the plant, so that under adverse conditions it easily falls a prey to disease and decay.

Coffee, when judiciously shaded, is the most vigorous of tropical plants, and no amount of abuse in the way of rough treatment in the picking season, stripping of leaves, etc., through careless handling, can put an end to its existence. The power of recuperation is marvelous.

To enter into detail as regards culture of shade would take up too much of your valuable time.

Let me quote you some authentic remarks by the Tea and Coffee Trade Journal, of New York, April, 1907, number, on the absolute necessity of shade culture.

The editor of the journal mentioned, in his travels the world over on coffee investigations, whilst in India met a Mr. Boyd, of the Santaverre estate, a planter of long experience. He says:

> There seems but little doubt that coffee has lasted as long as it has in India owing to the great care exercised in its cultivation by the scientific planter. Mr. Boyd declared that coffee in Ceylon would never have succumbed to leaf disease had it been grown under shade. One has only to see the healthy appearance of the trees at Santaverre to realize the truth of this argument.

I know for a fact that the coffee-leaf disease has been transmitted to Java, India, Sumatra, the Philippines, and other tropical sections, yet this plant lives, flourishes, and produces abundant crops in spite of this blight and others.

In Porto Rico they have a pest termed the leaf miner, yet it is due to shade culture, as adopted there, that the pest becomes practically harmless to the culture and existence of the plant.

In Mexico, all through Central America, Jamaica, Porto Rico, Cuba, Colombia, Venezuela, Peru, Java, and many other countries, shade is universally adopted and adhered to. Without it coffee would succumb quickly under any adverse conditions should they arise.

These foregoing facts I consider absolutely essential to lay before you so that any and every layman not understanding the primary and essential features necessary to successful and what one may term scientific cultivation can come to some perception of what an immense future the product has in the Philippines when protected by a tariff in the markets of the United States.

Philippine possibilities immense.

The opportunities in the Philippines are so great that even if we did not possess Hawaii or Porto Rico the areas suitable for its cultivation are so astounding and superb that from this standpoint alone the question deserves weighty consideration.

The Philippines have an area of 122,000 square miles, or, in other words, 77,680,000 acres.

Within its confines are millions upon millions of acres suited to the cultivation of coffee where, as formerly stated, the product will thrive successfully when a shade system is adopted.

In confirmation of my assertions as to the Philippine possibilities, I beg to submit herewith some remarks of the editor of the Tea and Coffee Trade Journal, of New York, June, 1907, number.

The editor received his information first hand from Mr. William S. Lyon, the efficient horticulturist in charge of the agricultural department at Manila. He says:

While in Manila I had a very illuminative talk with Mr. Wm. S. Lyon. He had recently returned from a trip through Cebu, Mindanao, Luzon, and Palawan. He informed me that he had seen enough scattered but thrifty and heavily laden trees in the districts traversed to make him feel sure that the area was thoroughly suited to its successful cultivation, and was double that of the whole province of Sao Paulo, of Brazil. The area cultivated in the State of Sao Paulo, Brazil (which produces seven-tenths of the world's supply), is considerably smaller than the island of Cebu, while Mindanao alone, without impinging upon her mountain heights nor trenching upon a single hectare of irrigable paddy lands, has enough suitable territory for coffee to furnish every pound of the world's consumption.

Besides these mentioned islands, just think of the area in this archipelago of numerous islands.

He says further:

The leaf disease, which is largely responsible for the decline of the industry, can be easily combated by scientific means. The same disease attacked the Indian coffee plantations about the same time, yet twenty years afterwards the trees are still in bearing. The reason of their preservation is shade culture.

Continuing, he remarks:

Undoubtedly a tariff on coffee will work wonders for the Philippine coffee industry. Therefore, if the American Government would offer inducements to American capital to invest here the successful cultivation of coffee would be resumed under the direction of American planters working along scientific lines.'

Further evidence. Mr. Frederic C. Haskin, an eastern newspaper correspondent who visited the Philippines in 1905, speaks in the following terms of their resources:

P. C. Advertiser, Honolulu.

It is not surprising that the Philippines, being neighbors of Java, should have a great coffee zone. It is claimed that in fully two-fifths of the area of the archipelago the facilities for coffee raising are ideal. What this means may be better understood when it is remembered that the single State of São Paulo, Brazil, furnishes three-fourths of the world's supply of coffee, and this district is only a fraction of the area of the Philippines, which is capable of producing a better grade. Seeing that the United States is the leading coffee-consuming nation of the world, here is a chance to make ourselves independent of Brazil, who sells us an inferior article, does not appreciate our patronage, and begrudges every dollar she spends with us.

Philippine congressional visit.

It is surprising to me that when the Taft congressional party visited the Philippines—and I knew that you were there, Mr. Chair-

man, I believe, at the time—in order to ascertain at headquarters the industrial needs of those islands, these facts on coffee did not become known; and it is my opinion and belief that the reasons are as follows:

To begin with, the influential commercial interests of the Philippines are undoubtedly controlled more or less by the stronger and more successful industries, such as sugar and tobacco, and in order to gain tariff concessions for the latter two these interests were certainly not going to forward or push the claims of coffee, which in the nature of things would weaken their own demands.

Coffee is a weak, struggling product in the hands of small growers, who have but little energy or influence to present their possibilities, or who know what future prospects are in store for them if proper legislation is accorded. Consequently, this matter has never come to light as it should have. The authentic facts, as presented by Mr. Lyon, of the agricultural department at Manila, and the information gleaned by Mr. Haskin, certainly place a convincing and illuminative picture before us.

Coffee does not compete with mainland sugar or tobacco.

Another fact, and a most important one in connection with the development of the Philippines, is that coffee does not and can never come into agricultural competition with any mainland-grown product.

We are all aware that the mainland sugar and tobacco interests do not relish competition in their own products from Philippine sources.

But coffee is coffee, it is neither sugar nor tobacco, and no matter how great its future development and expansion becomes it can never do the latter two any harm. In consequence a great share of their future prosperity should rest on coffee, thus offering a partial solution of the problem of aiding them. When coffee is once placed in the column of protected products, millions upon millions of capital will embark in the culture, and not all forces, energy, and attention will drift to sugar and tobacco, even under absolute free trade concessions to the latter two products.

With the foregoing review of the possibilities of this product in our insular territories closed, kindly let me present some other phases that concern this product.

European coffee duties.

Practically all European countries impose an import duty on coffee, and I herewith submit the amounts levied:

	Cents per pound.
Sweden imposes a duty of	$1\frac{1}{3}$
Great Britain	3
Germany	$4\frac{1}{3}$
Norway	$6\frac{1}{16}$
Greece	$6\frac{1}{3}$
Austria-Hungary	$6\frac{2}{3}$
Portugal	$6\frac{2}{3}$
Spain	$12\frac{1}{3}$
Italy	$13\frac{1}{3}$
France	$13\frac{2}{3}$

These figures give you some idea how the product is dealt with in Europe.

Minimum duty should be 5 cents.

In the face of these figures the American coffee industry should receive a protection of not less than 5 cents a pound.

Comparison with some other protected products.

If we compare this duty of 5 cents a pound with what mainland industries receive we find it modest and moderate, as for example:

Tobacco, common, unstemmed, duty 35 cents a pound; cost of production approximately 10 cents a pound, thus showing 350 per cent on cost of production.

Tobacco, wrappers, duty $1.85 a pound; cost of production approximately 35 cents a pound, showing over 500 per cent on cost of production.

Wool, unscoured, duty 11 to 12 cents a pound; cost of production from 5 to 7 cents a pound, or, say, about 200 per cent on cost of production.

Wines, dry California, duty 50 cents a gallon; cost of production approximately 12 cents a gallon, making a duty exceeding 400 per cent on cost of production.

Rice, duty 2 cents a pound. It is claimed this product can be raised in Texas and Louisiana below 3 cents a pound, which would make the duty about 70 per cent on cost of production.

The foregoing are only a few examples of the numerous ones we have in the tariff schedules. Five cents on coffee would barely be 50 per cent on cost, and if we were to demand equal favors, you can readily imagine what I should ask for. I should then petition for something like 20 to 40 cents a pound.

Hawaiian cost of production.

The cost of production in Hawaii is, according to my experience, from 10 to 12 cents a pound, including incidentals, such as shipping, commissions, insurance, etc., excluding interest on investment. No two years successively are identically the same, and it varies according to crops, seasons, labor conditions, etc.

Our cost of help overruns that of Brazil and is far in excess of what is paid in Mexico, all through Central America, Java, and India, as well as other coffee-producing countries. The latest information I have is that in Mexico the agricultural laborer receives from 40 to 50 cents Mexican silver a day or 20 to 25 cents a day gold, equal to $5.20 a month gold for twenty-six working days. In all probability wages are on a par with Mexico all through Central America.

We pay a wage rate of $20 gold a month, and same is rising. If Hawaii is to be Americanized and white European labor in time substituted for Asiatic labor, then the cost of production will increase accordingly.

Such are the facts with which the American producer is confronted, and how is it possible for incoming white settlers, who are to be the builders of the American tropical commonwealth, to live or even exist under such unfair and uneven competition in a market that should be ours by a kindred bond or by political or economic ties?

Cost of production in foreign countries.

The large Brazilian coffee planters are able to produce coffee, laid down in New York and European markets, for 5½ cents a pound, including export duties. Mexico, as well as other South and Central American countries, also our competitors, can produce about as cheaply as Brazil, nevertheless not exceeding in the maximum 6¼ cents a pound under less favorable auspices, and this including export taxes imposed by the respective governments, as well as all transportation charges to the country of exportation and sale.

If these coffee-producing countries should ever decide to remove the export duties on our imposing duties on them to protect the American product, then their cost of production will be correspondingly lower. Hence, our minimum rate should never be less than 5 cents. It is a fact, conceded by producers of various products, that the tariff never protects to the full at such periods when the markets are facing excessive production.

Removal of duty a mistake.

The removal of the duty that existed up to May 1, 1872, was a mistake, for no sooner did it take place than Brazil and other South and Central American countries placed export duties on the product. Immense revenues were transferred to foreign treasuries that should have flowed into our own.

Neither did coffee become cheaper, for in 1871, with a duty of 3 cents a pound, we paid Brazil an average of 9⅜ cents a pound for her coffee, making the coffee cost the importer 12⅜ cents a pound. In 1872, with coffee on the free list, we paid Brazil 15⅔ cents a pound; in 1873, $14\frac{9}{10}$ cents a pound; 19 cents in 1875, or an average of $15\frac{1}{10}$ cents a pound, clearly demonstrating that coffee got dearer instead of cheaper.

Restoration of duty will not be felt.

The restoration of a duty on coffee will not be felt to such an extent as some wiseacres and calamity howlers predict, for if we take the import cost of all raw coffees imported into the United States for the calendar year of 1907, of which there were 940,247,312 pounds, we have an import cost at custom-house of 7.64 cents a pound. Add to this cost the sum of 5 cents and the result gives us 12.64 cents a pound, which sum is below the quotations of 1872 to 1875 when coffee was free, and also very much below another period of years, from 1887 to 1897, when Rio No. 7, Brazilian coffee, sold as follows:

In June, 1887, the quotation stood at 21¼ cents; in August, 1890, at 19¼ cents; in February, 1893, at 18⅜ cents, and in January, 1894, at 18⅜ cents.

During this same period, 1887 to 1897, the fluctuations at their lowest ebb show us the following quotations: 12, 14, 15, 12⅜, 15¼ cents, and only touched the low-water mark once of 10¼ cents in March, 1888.

Consumer never benefited from free coffee.

The consumer never practically realized the benefit of a depressed coffee market, when importers and dealers were purchasing at low

figures in times of surplus production. The retail grocer relies upon coffee and tea to average up profit on sales, since he is compelled to sell very many staples at cost, or a trifle above cost. His profits on roasted coffee are excessive, and he has never found it wise or expedient to cut prices when surplus production affected the market quotation of the raw bean. He was not compelled to do so.

A great portion of the duty will have to come out of his inordinate profit on the article, so that the consumer will hardly be aware any change has been made in economic legislation as regards the purchasing price of this commodity.

Brazilian trade relations.

A brief glance at our trade relations with Brazil reveals a most one-sided commercial arrangement between ourselves and the South American country.

(Extract from Harper's Weekly, April, 1905:)

It may be remembered that as long ago as 1871 Congress repealed the duty out of deference to the protest against taxing the poor man's breakfast table. The repeal did not at the same time benefit the consumer at all, for Brazil immediately imposed an export duty on the commodity, and thus transferred about eight millions annually (at that period) from our own Treasury to her own. Since then it has been calculated that the United States has lost in revenue that might have been derived from Brazilian coffee, more than three hundred million dollars, whilst instead of gaining an equivalent through a great increase in our trade exports to that country, Brazil's trade balance against us since 1871 has amounted in the aggregate to $1,328,000,000.

This was up to the year 1905. Computing it now four years later with an annual trade balance all the way from eighty-five to ninety millions in her favor, we have a grand total of $1,700,000,000.

Just imagine what the financial results in our country would be if our trade relations with the rest of the leading commercial nations would drift in this direction. Why, in a very few years, with enormous trade balances against us to be settled in gold, we should be a poverty-stricken and bankrupt nation.

Duty will force trading concessions.

This illustration shows us most clearly what benefits we should derive by putting a dual tariff on coffee, namely, a minimum and maximum rate, so as to force trading concessions from Brazil and other countries dealing with us on such a one-sided basis. Place coffee in the maximum schedule and grant them some concessions when we begin to have evidence that our trade relations are becoming more equitable.

Such an arrangement will certainly increase our export trade into large figures annually, thus benefiting our manufacturing interests throughout the country, besides giving aid to our insular territories.

Cuba protects coffee.

In passing, I should like to draw attention to the fact as to what Cuba is doing to rehabilitate her once flourishing coffee industry.

Prior to the era of sugar it was her chief crop. In 1846 the output exceeded 50,000,000 pounds, comprising the yield of 2,000 plantations.

Low prices, due to Brazilian and West Indian competition, with subsequent neglect of plantations, saw the decay of the industry and the substitution of the more profitable industry of sugar.

She has placed an import duty of $18.70 gold per 100 kilos, or 8½ cents per pound, on the product of other countries, and to-day new groves are being constantly set out and the industry expanding in order to supply her home demands first. Thus it has become a most profitable crop.

This clearly demonstrates the urgent necessity of how much the American coffee industry needs the fostering care of protection.

Should Cuba become annexed to the United States, we will add another territory to the list capable of supplying us with this product.

A word on protection.

It seems a superfluity for me or anyone else to comment on the wonderful vitalizing effect protection has wrought on the industrial growth of our nation. The result is seen on every hand, in every section of the commonwealth, North, South, East, and West, in every nook and corner of our country. Through its creative power we have become the richest land on the face of the globe.

The tariff to protect is therefore clearly constructive in its operations for the material welfare of the people.

The United States to-day is a larger, a broader, a greater United States than she was before the Spanish war, and we see that the eagle's wings have stretched out beyond the seas to tropical skies and lands where the grand and uplifting power of our flag, if true to traditions, should elevate these our tropical people to a higher standard of civilization. The basis of such a realization must be founded on a material prosperity emanating from the industries of the soil.

This means that a new group of industries, especially tropical ones, will seek protection in the great markets of the United States.

In studying over the tariff schedules I hardly perceive any industry of the mainland that does not enjoy some degree of protection, in fact, the rate of protection seems exceedingly high in instances, amounting practically from 80 to 400 per cent on cost of production.

A readjustment in some lines is essential to establish a just and fair equilibrium, especially when some have no aid in any manner whatsoever.

One often hears the phrase, antiquated and worn out, and with no basis of justification, that "It would not do to tax the poor man or the consumer." But let us stop to consider and analyze this deceptive phrase.

The poor man, and in fact the consumer, is everybody. In fact, everybody in our country, no matter what his vocation in life, directly or indirectly, has his existence, his livelihood, and what not, by the prosperity of protected industries of the community about him, yea, of his State and nation.

Since this is indisputable and he can not gainsay it, then why should he, the consumer, or, in short, everybody, refuse the identical aid, the identical medium of salvation to his kinsmen, or, better stated, those tropical sections of the national domain which now hail the flag of the United States of America as their national emblem?

If the consumer, who practically exists through protection, can not see the justice of this claim and argument, then why not suggest to him, whoever he may be or wherever he may be, the following:

Let us have free trade in all things—in yours and mine!
If protection, then protection in all things—in yours and mine!

If I understand the spirit and meaning of the Constitution we live under, which vouchsafes inherently to every industry and every individual an equal chance for happiness, life, and existence, then I, as an American citizen, plead for protection to the American coffee industry that exists and that desires to grow and expand in our tropical domain, namely, Porto Rico, Hawaii, and the Philippines. Grant us all the blessings that our flag bestows.

I should like to present here an affidavit on the cost of labor in Central America.

The CHAIRMAN. Just file that. Do not stop to read it.

(The affidavit referred to is as follows:)

HONOLULU, HAWAII, *October 5, 1908.*

I, R. N. Overend, a citizen of the United States, being duly sworn, depose and say that I have resided in Central America for a period of five years, namely, from 1892 to 1898, and that I am thoroughly familiar with the rate of wages paid to laborers on the coffee plantations and estates, as I was engaged as general superintendent of several branches of work on the coffee fincas.

In Guatemala the laborer receives 3 reales, or 37½ cents Guatemala money, a day, equal to about 10 cents American money at the present rate of exchange.

In Mexico the rate of wages for field hands is from 40 to 50 cents Mexican silver a day, or equivalent to 20 and 25 cents gold.

The rate of wages in Costa Rico and San Salvador is on a par with that of Mexico. The coffee growers of this entire region receive immense advantages, as they grow their product for silver and sell for gold in American and European markets, which, when converted into their respective currency, signifies abundant and cheap money, or, in other words, the lowest standard of wages.

R. M. OVEREND.

Subscribed and sworn to this 5th day of October, A. D. 1908, before me.

[L. S.] J. M. MONSARRAT,
Notary Public for the First Judicial Circuit of the Territory of Hawaii.

Mr. LOUISSON. If there is anything that you would like to ask me on this subject, I shall be glad to answer it, since I am a grower myself. I have had eleven years' experience.

The CHAIRMAN. Have the members of the committee any questions to ask the gentleman?

Mr. UNDERWOOD. To what extent do you think you can develop the coffee industry in Hawaii if you have an opportunity?

Mr. LOUISSON. I think it would grow so fast that it would surprise the people of the United States. I have lived in Hawaii since I was a child. I know the country from one end to another. I know the

history of the islands, economical and industrial. Our sugar industry never went ahead until we got a reciprocity treaty. My father came to the islands in 1866. If we ever get protection on coffee, it is going to go ahead with gigantic strides.

Mr. UNDERWOOD. Here is what I mean; it is a practical proposition: How many acres of coffee land have you?

Mr. LOUISSON. I think we have 300 acres easily available in Hawaii.

Mr. UNDERWOOD. Do you mean 300 acres?

Mr. LOUISSON. Three hundred thousand acres; maybe 500,000 acres.

Mr. UNDERWOOD. How much coffee could you grow to an acre if it were developed?

Mr. LOUISSON. Let us take the medium estimate, because some years crops are heavy and other years they are light. At the rate of, say, 600 pounds to the acre, with 300,000 acres you would have 180,000,000 pounds.

Mr. UNDERWOOD. You think you could produce that much in Hawaii, do you?

Mr. LOUISSON. Yes, sir; maybe more in twenty-five years if it was kept on. Sugar has had it for thirty-five years, and from 9,000 tons it has gone up to a production of 500.000 tons.

Mr. UNDERWOOD. Does the coffee crop which you have amount to anything at all?

Mr. LOUISSON. This year it will be 4,000,000 pounds. The crop is larger this year than last, but it is at a standstill.

Mr. UNDERWOOD. How long does it take you to plant a tree and develop the industry?

Mr. LOUISSON. It takes from four to five years in Hawaii for the trees to mature—that is to say, when they are full bearing.

Mr. UNDERWOOD. That is all I want to ask.

Mr. CLARK. How many people are there in the Sandwich Islands?

Mr. LOUISSON. One hundred and sixty-five thousand.

Mr. CLARK. How many Japanese are there?

Mr. LOUISSON. Pretty nearly one-half.

Mr. CLARK. How many Chinese?

Mr. LOUISSON. I do not think there are over 10,000—ten or twelve or fifteen thousand.

Mr. CLARK. Nearly all the Japanese you have out there are men, are they not?

Mr. LOUISSON. There are a great many women.

Mr. CLARK. What is the proportion of men and women?

Mr. LOUISSON. I think there are 75,000 Japanese in the islands. I should say—you know I have not been making a study of the statistics on population.

Mr. CLARK. I know; but you have come here as an expert.

Mr. LOUISSON. On coffee; not on citizens; on coffee.

Mr. CLARK. You have come here to enlighten this committee about the Sandwich Islands, and I want some information from you.

Mr. LOUISSON. All right, sir.

Mr. CLARK. What is the proportion of Japanese men and women in those islands?

Mr. LOUISSON. Four to one, I think.

Mr. CLARK. What about the Chinese?

Mr. LOUISSON. There are very few women among them. The Chinese, you know, never make a habit of having——

Mr. CLARK. You need not give the reasons.

Mr. LOUISSON. There are very few—very few Chinese women.

Mr. CLARK. How many white people does that leave out there?

Mr. LOUISSON. How many white people are there in the islands?

Mr. CLARK. Yes.

Mr. LOUISSON. With white people we include, of course, all Europeans who are whites. Oh, I should judge about 15,000.

Mr. CLARK. Very few of them are engaged in the agricultural business, except in running plantations?

Mr. LOUISSON. The Portuguese are engaged in agriculture, and they are whites.

Mr. CLARK. I know; but the Americans and the Germans and the English and the Scotch and the Irish find something else to do?

Mr. LOUISSON. The managers of all the plantations are white men, and the overseers.

Mr. CLARK. But all this wage that you have been talking about goes to Japanese and Chinese?

Mr. LOUISSON. At present; yes.

Mr. CLARK. And it always will, will it not?

Mr. LOUISSON. It will not in the future.

Mr. CLARK. Wait a minute, now. It would have been worse than that at this very minute if Congress had passed the bill that Mr. Hayes had up here, to suspend the contract-labor laws for a certain number of years so as to let some more in, would it not?

Mr. LOUISSON. I suppose you people know about as much about that as I do.

Mr. CLARK. Well, you know about that, too?

Mr. LOUISSON. Yes; certainly, certainly.

Mr. CLARK. What is the labor cost of producing an acre of coffee?

Mr. LOUISSON. I will tell you, gentlemen. I have Japanese on my plantation there, and no other labor. I can not help myself. I pay my men from nineteen to twenty dollars a month gold.

Mr. CLARK. That was not what I was asking you. I asked you what was the labor cost of raising an acre of coffee?

Mr. LOUISSON. An acre of coffee?

Mr. CLARK. Yes; an acre of coffee trees. You know what the cost of raising an acre is, do you not?

Mr. LOUISSON. Oh, do you mean to plant the trees and wait until they come into bearing?

Mr. CLARK. No; I do not mean any such thing. I mean what is the labor cost of cultivating an acre of coffee and harvesting it and getting it where you sell it there or where you gather it together?

Mr. LOUISSON. What do you want to know—the cost of the product?

The CHAIRMAN. The annual cost. He does not mean setting out the plants, but the annual cost.

Mr. LOUISSON. Well, that is a puzzle. I do not know what you are getting at.

Mr. CLARK. How much will it cost you to take care of an acre of coffee trees next year?

Mr. LOUISSON. An acre of coffee trees?

Mr. Clark. And harvest the crop and get it to the place where they concentrate it for the purpose of shipping?

Mr. Louisson. You see, my old trees cost me less than my young trees, because they cover the ground better, and the weeds do not grow.

Mr. Clark. Wait a minute; take an acre that is already in bearing.

Mr. Louisson. All right. You want the labor cost per month?

Mr. Clark. The labor cost for twelve months. It takes twelve months to raise a crop of coffee, does it not?

Mr. Louisson. Yes; it is from year to year. Well, I know what the coffee costs me laid down in San Francisco.

Mr. Clark. How much does it cost you to get it prepared to send to San Francisco? That is what I want to know.

Mr. Louisson. Oh! From 10 to 12 cents a pound.

Mr. Clark. I am not talking about that. How many pounds are there to the acre?

Mr. Louisson. About 600, on the average.

Mr. Clark. What do you count in that 10 or 12 cents?

Mr. Louisson. I count the hoeing of my fields, the picking, the conveying to the mill, the milling, the teaming to the landing, the freight to the port of shipment——

Mr. Clark. And interest on the money?

Mr. Louisson. I beg your pardon; I have never gotten any interest on my money yet.

Mr. Clark. It costs you 10 or 12 cents to get it to San Francisco, and you sell it for 10 or 11 after you get it there?

Mr. Louisson. Yes, sir.

Mr. Clark. And how long have you been in the business?

Mr. Louisson. Eleven years; sir.

Mr. Clark. And how much money did you have when you started in?

Mr. Louisson. We put in about fifty or sixty thousand dollars.

Mr. Clark. And how much money have you got left?

Mr. Louisson. I have got it all in there yet.

Mr. Clark. How much is that thing worth?

Mr. Louisson. I could not sell it for that.

Mr. Clark. Why do you not get out, then?

Mr. Louisson. I can not get out.

Mr. Clark. Oh, yes; you can.

Mr. Louisson. No; I can not. I am like the man that had the bear by the tail; I have got to hold on. I am holding on until something better comes along.

Mr. Clark. Now, another thing: You talk about how much coffee they can raise in the Philippine Islands, and the extent of land in the Philippine Islands. Do you not know that ten-elevenths of the land in the Philippine Islands is fit for no agricultural purpose under heaven, and never can be made fit for it?

Mr. Louisson. Have you been in the Philippines?

Mr. Clark. No; but there is a man, sitting over there (referring to Mr. Hill), that has been in the Philippines, and knows more about them than anybody in Washington.

Mr. Louisson. I think the statement of Mr. William S. Lyon, who is a federal official there, should carry some weight.

Mr. CLARK. I think that the statement of a Member of Congress from Connecticut ought to carry some weight, too.

Mr. LOUISSON. Certainly it does; but this man happens to be an agriculturist.

Mr. CLARK. So is this one.

The CHAIRMAN. Not a farmer.

Mr. CLARK. Do you not know now, as a matter of fact, that ten-elevenths of the entire Philippine Archipelago is of no earthly account for any agricultural purpose?

Mr. LOUISSON. Why, my dear sir, if the United States will put a tariff on coffee, and I had my money to-day, I would go to the Philippine Islands to raise coffee.

Mr. CLARK. I wish you would.

Mr. LOUISSON. Yes, sir; because I know something of the Philippines—I have read something of them.

Mr. CLARK. You think, do you, that the entire American people ought to be taxed $50,000,000 a year to build up the coffee industry in the Sandwich Islands and in the Philippines?

Mr. LOUISSON. My dear sir, I will answer that question with this article that I cut out yesterday, and which is opportune at this point; so I will bring it in here. I quote Mr. Herman Sielcken, the coffee king of the United States.

The CHAIRMAN. It is not necessary to read that whole article.

Mr. LOUISSON. No; I will just read the last part of it. He says:

> When roasted coffee is selling from 15 to 40 cents a pound, and the green bean from 6 to 10 cents, why should a buyer break his neck in trying to ascertain what the future holds in store? He can buy his coffee, roast it, and make money.

The roaster makes it all.

Mr. CLARK. I know; but you did not answer my question.

Mr. LOUISSON. Well, I say——

Mr. CLARK. That quotation is no answer to it. Do you think that the American people ought to be taxed $50,000,000 a year on coffee in order to set those fellows over in the Philippines to raising coffee?

Mr. LOUISSON. It is my opinion, my dear sir, that they will never feel this tax.

Mr. CLARK. I have not asked you that, and I do not want to hear it. I asked you why you think they ought to be taxed to do that.

Mr. LOUISSON. I do not happen to be a member of Congress, and I have nothing to say on the matter, sir, and I can not answer that question.

Mr. CLARK. All right.

The CHAIRMAN. Are there any further questions? If not, we will hear Mr. Barry Mohun, of Washington, for five minutes.

STATEMENT OF MR. BARRY MOHUN, OF WASHINGTON, D. C.

Mr. MOHUN. Mr. Chairman and members of the committee, I know that you are tired, and I shall confine myself to five minutes, as you have stated, unless I am interrupted by questions. I represent business men in San Francisco engaged in the business of removing the shell from coffee.

I appear before you simply to advocate a differential on coffee in the shell (or in the pergamino, as it is called) in the event that the

committee concludes to place a duty on coffee at all. We ask this differential because the cost of shelling coffee in this country is more than double the cost in Central America. Here it costs 25 cents a hundred pounds to shell coffee and in Central America it costs from 10 to 12 cents. In addition to this, there is a loss in weight of about 20 per cent. That is, 1 pound of clean coffee before it is removed from the shell weighs $1\frac{1}{5}$ pounds in the shell. If the committee, for example, should determine to report to Congress a duty, say, of 3 cents a pound on clean coffee, we think, for the reasons I have stated, that a duty of 2 cents a pound upon coffee in the shell should be imposed—that is, in the ratio of one-third.

As a further reason, I submit that the difference would lead to a great increase in the importation of coffee in the shell, and that is desirable, because, as probably each member of the committee is aware, the United States is discriminated against when coffee is sent here in the bean. The poorer grades come to the United States and the better grades are sent to Europe. If it is sent in here in the shell, it is impossible to tell which is the best grade of coffee. Not only would sending it in in the shell increase the amount of American labor to be bestowed upon the coffee, but it would necessarily lead to a better grade of coffee coming to this country.

In San Francisco at the present time there is invested in concerns which are engaged in removing the shell about twenty-five to thirty thousand dollars. This is a struggling industry there, although the amount so invested in New York is larger.

I present herewith a schedule, which I will ask to be incorporated in my remarks, and shall not read, except to say that in San Francisco in one year there were 294,050 bags imported, of which 50,000 bags were coffee in the shell. The proportion in New York and New Orleans of coffee in the shell is probably the same.

I think that if the committee concludes to recommend a duty on coffee at all the proposition to have a differential in favor of coffee in the shell is certainly reasonable.

That is all, Mr. Chairman, unless there are some questions.

(The paper above referred to by Mr. Mohun is as follows:)

Importations of coffee into the ports of New York, San Francisco, and New Orleans during the year 1907.

The importation into these three ports represents more than nine-tenths of the total importation into the United States.

	Bags.	Pounds.	Value.
New York	5,260,244	705,443,114	$55,675,843
New Orleans	1,684,508	230,204,214	17,115,074
San Francisco	[a] 294,050	38,412,593	4,402,386
Total	7,238,802	974,059,921	77,193,303

[a] Of which 50,000 bags was coffee in the shell.

The CHAIRMAN. We will now hear Mr. Cholwell on the subject of tea.

(Another gentleman arose and requested that he be heard on the subject of coffee.)

The CHAIRMAN. We have heard coffee pretty fully, and we will now hear from these other industries. If we have any time left between now and midnight, we will hear you; otherwise you can file a brief.

We will now take up the subject of tea.

STATEMENT OF MR. G. C. CHOLWELL.

Mr. CHOLWELL. Mr. Chairman and gentlemen, I will explain the reason why I am here, in the first place. I am in the tea business. I am a tea broker, and my business is, as a tea broker, to keep in touch with the markets where the teas are grown and where they are sold.

The CHAIRMAN. What amendment to the tariff law do you desire?

Mr. CHOLWELL. Not a bit. I want to correct what we consider an injustice.

The CHAIRMAN. You do desire an amendment, then? Proceed.

Mr. CHOLWELL. We bring teas to the New York market, and distribute them around the country. A number of our customers are complaining about the Canadian merchants being able to deliver tea to their customers on the border, whereas they can not ship into Canada, because the Canadian government charges us 10 per cent on all goods shipped into Canada, while Canada is allowed to ship them into this country without any charge at all. That seems to be an injustice; and our customers from all parts of the country, and here on the border, have made these complaints, and requested me to come here and see if this thing can not be remedied. We have a very strict law as regards inspection of tea in this country, and Canada has none. Canada imports about 26,000,000 pounds of tea. She ships to this country 10 per cent.

Mr. FORDNEY. How much does she ship?

Mr. CHOLWELL. To be exact, we shipped last year to Canada 115,000 pounds of tea, which were presumably teas that were rejected, that could not pass under the government inspection, and were sent to Canada to get rid of them; because we had to export them, under the law, or have them destroyed. What we object to is the injustice of their being allowed to send 10 per cent of their tea free into this country without our customers having an opportunity to do any business in their country.

Mr. DALZELL. Is not every Canadian exportation of tea into this country inspected?

Mr. CHOLWELL. It is supposed to be; yes, sir. All we can tell you—these are the government figures—is that they are supposed to have exported 2,453,424 pounds that we know is inspected. It is generally conceded by our friends here from Portland, Me., to St. Paul, on the border, that there are teas being shipped across all the while in small lots, and some of them claim that there is as much more as 2,000,000 pounds that is sent over that is never inspected. It is shipped over in small lots—one package, two packages, etc. Take Detroit; take St. Paul; take Plattsburg, N. Y.—the people on the border get their teas from Canada. Naturally, that is not inspected. They could not do it. They could not have a custom-house at every point.

Mr. DALZELL. What do you propose to put in the tariff law to cure that?

Mr. Cholwell. The only thing that we want to do is to do away with what it seems to us is the injustice of having them have the benefit of our market when we can not get the benefit of theirs.

Mr. Hill. Suppose there was a maximum and minimum duty, the maximum being whatever the committee saw fit to fix, and the minimum rate being free trade, as it is now, subject to equal consideration being given by one country to the other—would not that relieve your trouble?

Mr. Cholwell. Most decidedly; and that is all we ask.

Mr. Hill. As a matter of fact, are you not shipping more to the countries of Europe—Great Britain and other countries—than you are now to Canada?

Mr. Cholwell. We ship more in a day to them than we do to Canada in a year. We ship more to England—we have been shipping to England, and even to Italy and to Marseille—we ship more there in a day than the whole United States sends to Canada in twelve months.

Mr. Hill. They charge us a duty of 10 per cent?

Mr. Cholwell. Yes; on everything that goes there.

Mr. Hill. On everything that goes there; and they are themselves receiving it and shipping it in free?

Mr. Cholwell. Yes; but they receive it under different conditions. Not only do they have lower-grade teas, but they have cheaper freight rates. Everything is brought in English bottoms, etc.

Mr. Hill. Then you are not asking for a duty to be put on tea, but you wish simply to have such an arrangement as will make an equitable trade between the two countries?

Mr. Cholwell. That is all we want to do. We want to be able to take advantage of selling over there as they sell to our people here. We do not ask for anything but justice. As a number of people said, when they decided to let them go to Washington rather than me, "The facts are facts, and the figures show everything. There is no argument to be brought up." It seems to be an injustice.

The Chairman. You want them to treat us as well as we treat them?

Mr. Cholwell. Most decidedly; that is all we want. What we want is fair play. I have a number of letters here on this thing.

Mr. Hill. The letters are all along the whole border, from the Atlantic to the Pacific coast.

The Chairman. Are there any questions to be asked of Mr. Cholwell?

Mr. Boutell. Does the ultimate consumer or purchaser or user of tea now get just what these teas are labeled?

Mr. Cholwell. Why, yes, sir; they always have, to a great extent, except in the case of some trade names by which tea is labeled, where the buyer does not understand them.

Mr. Boutell. Take Formosa Oolong, for example.

Mr. Cholwell. Yes, sir.

Mr. Boutell. How broad a name is that? What does that cover?

Mr. Cholwell. It covers the teas that come from the island of Formosa.

Mr. Boutell. And there is not any tea exploited on the market in this country under the name of Oolong except what is from Formosa?

Mr. Cholwell. Oh, yes, sir; there is Fuchau Oolong. That comes from Fuchau, China. That is an entirely different kind of tea.

Mr. Boutell. How does that compare with the Formosa?

Mr. Cholwell. It has a different flavor and different characteristics. It is different in many respects.

Mr. Boutell. How is it with the Souchong?

Mr. Cholwell. That, sir, is a Chinese tea. That is an English breakfast tea. "Souchong" is hardly a trade name. You would not know it in this country. It is sold here as Congou tea, and also known as "English breakfast" tea. But they are entirely different teas—just as different in appearance and taste and flavor and everything else as they can possibly be.

Mr. Boutell. How is it with the Orange Pekoe and gunpowder?

Mr. Cholwell. The Orange Pekoe tea is hardly a tea. That is more of a manufactured leaf that is used for flavoring purposes.

Mr. Boutell. Exactly.

Mr. Cholwell. We see very little of it in this country.

Mr. Boutell. I make a blend of tea for my own use, and I want to know what I am getting. I use a little Formosa Oolong, a little Souchong, a little Orange Pekoe, and a little gunpowder.

Mr. Cholwell. You have got quite a combination.

Mr. Boutell. That is the best blend of tea I have ever tried.

Mr. Cholwell. I think you have got a good job in blending it. I would not want to make the blend for you.

Mr. Boutell. I do not let anybody make it; I want to see it weighed, and know that I am getting what I ask for.

Mr. Cholwell. Yes; there is no question that you should get the very best. There is a standard law in this country. There is no possibility of anybody getting poor tea here.

Mr. Boutell. Let me ask you this question: Take two very high-priced and very delicately flavored teas, the Avon Grove and the Darjeeling.

Mr. Cholwell. Those are Indian teas.

Mr. Boutell. Does that express a kind, or a mere variety?

Mr. Cholwell. The Darjeeling tea comes from a certain section of country in India, Darjeeling, where the dark Indian tea comes from.

Mr. Boutell. Do we actually get that when we pay for that tea?

Mr. Cholwell. Yes, sir; but the tea is very little sold in this country, in this market. Probably not one one-hundredth of the amount that is produced is sold here. It is very heavy, and of a very coarse flavor. Our people have been educated to a mild tea.

Mr. Boutell. How is it with the Avon Grove?

Mr. Cholwell. That is another Indian tea. You know, there are probably a hundred estates there.

Mr. Boutell. It is a highly flavored Indian tea.

Mr. Cholwell. That Indian Ceylon tea was not known here at all ten or fifteen years ago.

Mr. Boutell. There is not anything, then, in the jobbing or handling of tea that corresponds with this fraud on the purchaser in the way of selling Brazil coffee for "old Government Java?"

Mr. Cholwell. There is no possibility of any fraud. Tea is cheap enough and good enough; there is no need or reason at all for any

fraud. All we ask in this country is simply what would seem to be justice as far as Canada is concerned.

STATEMENT OF MR. CHARLES R. BANKS.

Mr. Banks. I do not think I have come to stay very long, Mr. Chairman and gentlemen. I have been invited by the tea merchants to take this subject up, to see what is best for the interests of the people. I wrote several letters, and I received replies from those that I had written to, covering the territory between Minnesota and Maine. I appreciate the honor granted me to appear before you to appeal in behalf of the retail and wholesale grocery trade and the tea trade.

I wish to appeal to you on two heads: Firstly, the great injustice which we to-day are obliged to submit to by being deprived of doing business in Canada on the same basis that the Canadians do business in this country. All the merchants in the States adjoining Canada have had at times a large Canadian and Dominion trade, which they have been prevented from carrying on because of the duty which they exact from us of 10 per cent; and yet the Canadians come into our territory and do business free of duty. Not only do they sell their bulk teas and deliver them readily, but it is a safe statement to make that they are not properly examined, because they can not have them examined and delivered within a day or two in our border States. They also pack their teas in packages of a fraction of a pound at a lower basis that we do, and sell them throughout the United States.

Mr. Cholwell has made clear to you the facts of the case—that Canada has discriminated against us; and I am confident that it is not necessary for me to repeat what he has said. But there is one very important part of our commercial business that I believe needs your attention, and that is that the foreign traders in tea are permitted to come to the United States and ship tea into this country in packages like what I will show you without a duty on the package, whereas the merchants of the States are obliged to pay, as you know, a duty on the tea and a duty on the lithograph work. The enamel work on a can like that [producing can] is something that amounts to considerable.

Now, here is a can [producing another can]. I make this statement disregarding ourselves. I am with a concern that is fortunate enough to be able to do business throughout the world, which other people are not. There is a package that is packed in Ceylon. That package I can buy for much less than we can pack it here, and still we are philanthropic enough to be willing to show it up for the benefit of the trade. There is a lead package, together with a lithograph label, which we buy at a much lower price than we can pack it in this country.

Mr. Hill. Mr. Banks, taking that first tin package, if you bought that package abroad and shipped it here and shipped the tea in bulk and packed it here, what would be your rate of duty on the package?

Mr. Banks. Forty-five per cent.

Mr. Hill. And the foreign packer that packs it abroad gets it in free?

Mr. BANKS. It comes in free. In making the deal for this tea, I told the shipper that it must say there that it was tea, and he must not ship it unless it did say that.

Here is a package that is made in London, and it doesn't say tea, but it is shipped in here with tea.

Here is something that is quite a curio. This is coming in in large quantities [indicating another fancy package].

There is a package that comes from Russia, made by Russian labor. It contains tea, and there is no duty on the package.

That is an unjust position that we are placed in, because these Russians that come here have firms in their own country and are able by this method to place themselves in a position entirely different from what we would be in if we wanted to go into the business.

There is the sugar pot, on the same line, filled with tea [indicating another package], coming in without paying any duty. If we imported that—that is, the metal, the glass, or whatever it may be—we would be obliged to pay a duty on it.

Mr. HILL. About what does that last package cost to import, laid down in New York?

Mr. BANKS. I could not say.

Mr. HILL. I mean without the tea in it.

Mr. BANKS. No, I could not say. This invitation with which I have been honored, to appear before you here to-day, was rather sudden, and I merely sent out and got these different packages in order to show them to you, and I simply know that they come in in this way. They are prizes. Our salesmen have told us that packages coming in in this way keep them from doing business.

Here is another I would like to show you [exhibiting another package]. That is glass work [indicating]. You can see these and see the style of work. It shows the class of work that comes in here.

Mr. CLARK. If the tea is in these packages, how do you find out how much tea is in them?

Mr. BANKS. They do not weigh them.

Mr. CLARK. But they keep an account of how much tea comes in in this way, even if they don't weight it.

Mr. BANKS. Here is another package [exhibiting another package], to let you see how they come in.

Here is another package. I don't know what that was. Here is something else. That is shipped in large quantities. We are obliged to pay 35 per cent in buying that lithograph work and shipping it to this country. Individually I have tried to do it, because we live on different lines of life from what other people do, for the welfare of general business.

To let you see that we are not unable to produce something here in America, there is something of our own make [exhibiting another package]. That is a product of our own manufacture.

Mr. CLARK. Your contention about this is that these come in as prizes, as it were, for them to buy that kind of tea, and they don't have to pay any duty on it?

Mr. BANKS. Yes, sir; that it right. They should pay a tariff.

Mr. POU. Why does it not pay a tariff? That is the fault of the Government, is it not?

Mr. CLARK. Is not that something that the revenue department should look after?

Mr. BANKS. I am unable to say.

Mr. POU. Suppose they brought them in and there was not any tea in those boxes.

Mr. BANKS. Then they would have to pay a duty.

The CHAIRMAN. There is a duty on boxes and barrels and other articles containing oranges?

Mr. BANKS. Yes, sir. And they tell me that they are obliged to pay a duty on ginger that they did not have to pay formerly. I wrote a similar request to many of the merchants I knew, and I will not burden you with any letters. It is a universal verdict. The appeal has been made, and their indorsements are these, which I will take pleasure in giving you, and if you wish to hear the letters from any of them I will be glad to read them, although I know you have been very patient with us, and I will not detain you long. You can take my word for it that they say it is discrimination against our business.

The CHAIRMAN. You can print those letters in the record.

Mr. BANKS. Yes, sir. I would like to read the names of the writers of these letters and who they are.

I have letters here from—

O. V. Tracy & Co., importers of coffees, teas, and spices, Syracuse, N. Y.

Milliken, Tomlinson Company, wholesale grocers, Portland, Me.

The Eldridge & Higgins Company, wholesale grocers, Columbus, Ohio.

Weddle Tea Company, New York, N. Y.

Wilkinson, Gaddis & Co., wholesale grocers, Newark, N. J.

C. M. & R. Tompkins, wholesale grocers and jobbers of teas, Elmira, N. Y.

Race & Kingsley, wholesale grocers, Buffalo, N. Y.

Austin, Nichols & Co., wholesale grocers, New York, N. Y.

J. T. Prentis & Co., importers and wholesale grocers, Buffalo, N. Y.

George W. Lane & Co., New York, N. Y.

The A. Colburn Company, importers and manufacturers, Philadelphia, Pa.

John C. Siegfried & Co., Chicago, Ill.

A. Davidson, New York, N. Y.

Geo. C. Cholwell & Co., New York, N. Y.

Bennett, Sloan & Co., importers and jobbers, teas, coffees, spices, flavoring extracts, New York, N. Y.

O. V. Tracy & Co., importers of coffees, teas, and spices, Syracuse, N. Y.

Williams & Hall, Boston, Mass.

The Whitkop & Holmes Company, importers and jobbers of teas, coffees, baking powder, spices, cocoa, flavoring extracts, fine groceries, etc., Buffalo, N. Y.

L. Hoover, wholesale grocer, Rome, N. Y.

Crouse Grocery Company, wholesale grocers, Syracuse, N. Y.

Delano, Potter & Co., importers, Boston, Mass.

Eppens-Smith Company, importers and jobbers, coffees and teas, New York, N. Y.

Andrus-Robinson Company, Malone, N. Y.

The G. B. Farrington Company, importers of teas and coffees, New York, N. Y.

Frederick C. Small & Co., wholesalers and jobbers, choice teas, coffees, and molasses, Boston, Mass.

Andrus-Robinson Company, wholesale grocers, Malone, N. Y.

Daniel Mahoney & Sons, wholesale grocers, Buffalo, N. Y.

Foley Bros. & Kelly, St. Paul, Minn.

Griggs, Cooper & Co., St. Paul, Minn.

J. H. Allen & Co., St. Paul, Minn.

Squires, Sherry & Galusha, wholesale grocers, Troy, N. Y.

Russell & Co., importers, New York, N. Y.

B. Fisher & Co., importers teas, coffees, spices, New York, N. Y.

R. C. Williams & Co., importers, manufacturers, and wholesale grocers, New York, N. Y.

Boomhower Grocery Company, wholesale dealers in groceries and provisions and manufacturers of butter and cheese, Plattsburg, N. Y,

Hall & Loudon, New York, N. Y.

Reid, Murdoch & Co., Chicago, Ill.

Mr. Boutell. Has the admission of these packages free been called to the atttention of the Treasury Department?

Mr. Banks. It has, and that letter from Mr. Morrison, your friend—and he sends his kindest regards to you—stated that they misconstrued the meaning of the law. He says that they are unable to prove this, but it is very evident that when they did they took a package like that [indicating]. But if they take a package like this [indicating] and make the case they would be likely to win on the case.

Mr. Boutell. It would be only a step further than this to put diamonds and rubies in boxes like these and bring them in free of duty.

Mr. Banks. Surely.

Mr. Boutell. It seems to me there might be something in the administration of the law that would cover this.

Mr. Banks. There should be, but those who have tried it could not do it. That is why we appeal to you.

If there is anything else you would like to know that I can tell you, I would be very glad to do it.

Mr. Hill. Please let me see that glass package?

Mr. Boutell. If the law is such that anything that has a pound of tea in it can come in free of duty, it is very evident that is a way to violate the intention of the act, and that would lead to wholesale smuggling.

Mr. Banks. We will leave these samples.

Mr. Clark. You are in favor of reciprocity?

Mr. Banks. Yes, sir; I am in favor of reciprocity.

Mr. Clark. I want to ask you a question of practical administration. Are all the teas that are brought into the United States brought in in packages carefully wrapped like that?

Mr. Banks. No; the regular half chests come in bulk.

Mr. Clark. There is no tariff on tea, and when these fancy packages you have here come in how do the customs officers pass them?

Mr. Banks. They claim they have a right to pass them, the law being as it is. They claim the law permits them to let that tea come in free of duty.

Mr. Clark. I am not asking you about the package coming in, but how does the customs officer find out that it is not loaded up with stuff that there is a tariff on?

Mr. Banks. They open the package.

Mr. CLARK. Do you suppose that they open one package out of a hundred, as a matter of fact?

Mr. BANKS. Oh, yes. We could not get one of these in without its being opened up [indicating].

Mr. CLARK. Is not this the way it is done? Do they not ship in a large number of packages, say a thousand packages, and do the customs officers not reach down and pick up one at random and examine it, and if that is all right, then they pass the thousand packages?

Mr. BANKS. Oh, no. They do not do that.

The CHAIRMAN. They are very strict about the inspection.

Mr. BANKS. Oh, yes. They are very strict, indeed. We have our own warehouses, and when we send the sample up they send an investigator down to see whether it did come out of that, and they go up to the package and examine it.

Mr. BOUTELL. Who is the heaviest importer of these prize-package teas?

Mr. BANKS. The heaviest shipper is the right way to put that question.

Mr. BOUTELL. That is what I mean. Who is the heaviest shipper?

Mr. BANKS. Well, I could not say. I do not know the statistics. There is Mr. Larkin, who says he is the king—who claims he is the king of the tea trade; then there is Lipton, who, because of his advertisement in yachting, thinks he is in the lead; and then there is Tetler, who thinks he is at the head. They send packages over on a tin with a thin piece of paper, and the value that they give is the poorest value given in the statements, and the reason is that they are subsidized by the box that the tea comes in. The India and the Ceylon people have subsidized different grades and kinds of teas to be introduced in this way; teas which have the advantage of cheap labor—12 cents a day—in order to get it in. I do not say but what I would take it. I do not say but what we have sold India teas, and we expect to sell India tea, but we are willing to compete on a fair basis——

The CHAIRMAN. Is Lipton the originator of this package business?

Mr. BANKS. I could not say who the originator was.

Mr. POU. Do you know how much that glass sells for, together with the tea that is in it?

Mr. BANKS. No; I do not. I got all these together hastily, in order to show them to you.

In conclusion, I wish to present for your consideration the requirements of my appeal to meet two distinct necessities, which are discriminations against our national progress.

Firstly. The Canadian government have now enacted and enforce a duty of 10 per cent on all tea shipped from the United States into the Dominion of Canada, which is a prohibitive tariff on their part against our merchants trading with them, whereas they have full privileges with their cheap labor advantages of entering the United States at will, and are granted full privileges of our commercial houses in selling their teas under their own trade-marks, in packages or in bulk, duty free. This advantage gives them what they deny to us, and is a serious blow to the merchants on the northern border of our States in bulk teas, and through the entire United States on their package teas, because of the advantage they have of a low wage rate for labor in packing the small packages together with an entrance into

this country of the packages which should pay a protective duty adds an inestimable advantage to them.

Secondly. We appeal to your honored body for an enactment of a law which will cover a specific duty on all teas shipped from a country other than from its native growth which exacts a duty from the United States shipments, together with a duty on all packages of 5 pounds and under from any country, because it is a discrimination against American capital and labor to permit teas in the denominations mentioned to come into this country from Great Britain, India, Ceylon, Japan, China, and Russia without a tax at least on such covers, and also it places all importers, jobbers, packers, or teas in this country at an unfair disadvantage, against which we look and hope for your protection.

Mr. Banks submitted the following letters:

SYRACUSE, N. Y., *November 16, 1908.*

The Ways and Means Committee, Washington, D. C.

GENTLEMEN: In the consideration of the tariff question, we trust that you will consider the situation in regard to duty on teas going from this country into Canada, while the Canadians are able to ship teas into this country free of duty. The result is, that we come into competition with Canadian firms in all the northern portion of this State, and are unable to compete with them on their own side of the border, as we could easily do except for the duty.

It seems to us that a discriminating duty should be levied on all teas entering this country from Canada, to protect the American dealers in their own territory. I am writing this not as a single firm but as representing all wholesale dealers in teas in central and northern New York State.

Yours, very truly,

O. V. TRACY & CO.,
By C. S. TRACY.

PORTLAND, ME., *November 16, 1908.*

Mr. C. R. BANKS,
New York, N. Y.

DEAR SIR: About two years ago we entered a protest with the Government at Washington in regard to the discrimination on tea and coffee carried on by the Canadian government.

We have a large package tea business, and undertook at one time to do some business across the border in New Brunswick, but we were handicapped by a 10 per cent duty levied by the Canadian government.

On the other hand, here at home, in this State particularly, along the border, we are met with competition from a large tea house located at St. John, New Brunswick, selling package teas to our trade; we would have no objection to this competition if we had an equal chance to compete with them on their territory; but our Government offers no protection and allows these Canadians to come over and sell their package teas in competition with us.

We employ a large force of labor and pay a big tax bill; these Canadians give employment to a large number of people at St. John,

and, we presume, pay their share of the taxes, and their government protects them with a duty of 10 per cent.

We have other competition from a Canadian house packing tea under the brand, "Salada;" this brand, however, does not have an extensive sale in this city, but we understand it has a large sale in other localities, and the same condition of affairs allows them to come into our market and push their goods without a farthing of duty and in competition with our merchants, while the latter are practically barred from the Canadian market.

We understand you are to appear before the Ways and Means Committee at Washington at an early date, and we want, with others, to enter our protest against this state of affairs.

Very truly, yours,

MILLIKEN, TOMLINSON CO.,
A. T. LAUGHLIN, *President.*

COLUMBUS, OHIO, *November 16, 1908.*

Committee on Ways and Means,
House of Representatives, Washington, D. C.

GENTLEMEN: This company, representing 10 wholesale grocery houses in the State of Ohio, wishes to protest to your committee, through a representative appointed for that purpose, against the injustice of permitting the Canadian government to sell their teas in our border States, and which are ultimately distributed all over the United States, without paying to the Government the duty, as the citizens of the United States are obliged to pay to the Canadian government in shipping teas into Canada.

These Canadian shippers pay nothing to our Government and in return derive all the benefits of our Government without paying taxes for the support of our Government in the conducting of their tea business.

We think the injustice to be so apparent as to appeal to you without the furnishing of further reasons, many of which could be cited, such as that of the employment of labor, etc.

Yours, very truly,

THE ELDRIDGE & HIGGINS CO.,
CHARLES C. HIGGINS, *President.*

NEW YORK, N. Y., *November 17, 1908.*

MR. CHAS. BANKS,
Care of B. Fischer & Co., New York City.

DEAR SIR: We understand you are appointed to take up a matter with the Committee on Ways and Means, Washington, D. C.

In regard to this matter we desire to enter our protest regarding the unfairness in ways of competition whereby teas shipped to Canada have to pay a duty of 10 per cent, whereas teas imported from Canada come in free, which is injurious to the interest of American merchants, especially along the border line.

We furthermore protest at the unfair conditions existing whereby teas are imported from foreign countries packed in lead-foil pack-

ages, decorated tins. and fancy packages without payment of any duty, and furthermore, packed by labor at wages such as it is impossible to obtain in the United States.

Decorated tins when imported empty for purposes of filling with tea here entail a duty of 45 per cent, whereas if imported containing tea from foreign countries are admitted duty free.

With kind regards, yours, faithfully,

WEDDLE TEA COMPANY,
HAROLD WEDDLE.

NEWARK, N. J., *November 16, 1908.*

Mr. C. R. BANKS,
Care of B. Fischer & Co., New York City.

DEAR SIR: Your circular letter at hand, and in answer we thoroughly indorse your endeavors for a fair competition with the Canadian government. It hardly looks fair that they shall put their package tea in our territory free while we have to pay a duty to sell in their territory. We therefore indorse your actions in this matter and hope you will be able to bring about a better condition.

Yours, respectfully,

WILKINSON, GADDIS & CO.,
F. W. HANNOBS.

ELMIRA, N. Y., *November 16, 1908.*

C. R. BANKS,
Care of B. Fischer & Co., New York, N. Y.

DEAR SIR: We are in receipt of your letter of November 13 and are in full accord with your views. While we have not looked into this matter very thoroughly, if as you say the Canadians are emjoying the privilege of not paying any duty whereas we are obliged to pay the Canadian government for shipments we make we certainly consider it unfair competition.

We trust that you will meet with success in your endeavors to meet the conditions.

Yours, very truly, C. M. & R. TOMPKINS.

BUFFALO, N. Y., *November 16, 1908.*

Mr. C. R. BANKS,
Care of B. Fischer & Co.,
371 Greenwich street, New York City.

DEAR SIR: In regard to Canadian tea dealers selling package and other teas in our market, would state that they are doing so to quite a large extent, and we do not consider that the Government is justified in allowing them to do so while the Canadian authorities exact a duty where we attempt to sell goods in their market.

We think that some action should be taken to see that this is done away with and trust that you will be successful in so impressing the members of the Ways and Means Committee at Washington.

Yours, respectfully,

RACE & KINSLEY.

NEW YORK, *November 17, 1908.*

Committee on Ways and Means,
House of Representatives, Washington, D. C.

GENTLEMEN: We desire to enter our protest against the admission of teas from Canada free of duty, as the Canadians impose a 10 per cent duty against teas coming from the United States.

We also want to enter our protest against the admission of teas from any country in packages of 1 pound and under, packed in lead, tin, lacquer, glass, cardboard, or paper, as the cost of foreign material and labor is so much below ours that it is impossible to meet this competition with teas packed in the United States in American material and by American labor.

Respectfully, AUSTIN, NICHOLS & CO.

BUFFALO, N. Y., *November 16, 1908.*

Mr. C. R. BANKS,
Care of B. Fischer & Co.,
375 Greenwich street, New York City.

DEAR SIR: It has come to our notice that you will appear before the Ways and Means Committee at Washington on Wednesday, November 18, to enter protest against the Canadians who have been selling package teas to our border state customers.

We wish to assure you that we are with you in protesting against this practice, for the reason that this sort of competition is unfair to the jobbing trade of the United States, inasmuch as we are prevented from selling teas on the Canadian border by a Canadian duty of 10 per cent on the selling price.

We trust that your protest will be favorably considered and that steps will be taken to eliminate this unjust competition as soon as possible.

Yours, respectfully, J. I. PRENTISS & CO.

NEW YORK, *November 16, 1908.*

Messrs. B. FISCHER & CO.,
New York City.

GENTLEMEN: In reply to the letter of your Mr. Banks, asking our experience in regard to the sale of teas by Canadians in the United States against our houses, we have to report that it has been a serious detriment for a number of years. Our salesmen report that Canadians all along the line, from Maine to Detroit, are selling our people, owing to the fact that the duty which formerly existed against Canadian and English teas was repealed some years ago, whilst the Canadians have carefully retained their duty against us, rendering it impossible for us to enter their territory and sell goods which have been imported into the United States. This has been a great injustice to the tea trade of our country.

We have constantly recommended the reimposition of the duty against Canada and England, although we are opposed very decidedly to any duty on teas from China and the East.

Very truly, yours,

GEO. W. LANE & CO.

PHILADELPHIA, *November 16, 1908.*

Mr. CHAS. R. BANKS,
Care of Messrs. B. Fischer & Co., New York City.

DEAR BANKS: We are in receipt of your favor in reference to discrimination duties on teas between the United States and Canada.

We realize the importance of having this matter adjusted, as it is unfair for the Canadians to have the selling advantage which is theirs at the present time. This not alone applies to teas in original package, but it gives them a still further advantage on teas in packages, and we know that Canadian firms are offering and selling large quantities of package goods in the United States at the present time.

When packed in tins or lead foil they have a still further advantage over American packers, owing to the fact that duty is not collected on these styles of packages. In other words, lead foil and tin both pay a tariff when entering this country, whereas the packing cost is lessened in Canada by reason of a lower cost for manufactured tins and leaf foil.

We shall be much pleased to give you further assistance in this matter if it is in our power to do so.

Yours, sincerely,

THE A. COLBURN CO.,
WM. WEST, *President.*

CHICAGO, ILL., *November 13, 1908.*

Mr. WILLIAM K. PAYNE,
Clerk Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: Our firm, having sold teas along the Canadian border for several years, finds, with other firms in the United States doing business in the tea trade, that we are severely and unjustly handicapped by Canadian competitors shipping teas to the trade in this country with the benefit of entering them free of any duty, while firms in the United States wishing to do business in Canada are confronted with a prohibitive duty of 10 per cent. The utter unfairness of the situation is very apparent, and we trust that your committee will equalize matters by putting us in a position to meet this competition by affixing a duty on any and all teas entering the United States from Canada of 10 per cent in retaliation.

We are merely voicing the sentiments of the wholesale grocery trade, because it affects their business, and this protest is made on behalf of the wholesale grocery trade throughout the United States with whom we do business.

Respectfully submitted.

JOHN C. SIEGFRIED & CO.

NEW YORK, *November 16, 1908.*

Mr. CHARLES R. BANKS,
Delegate, Ways and Means Committee.

MY DEAR SIR: I take this pleasure of indorsing you in your protest re Canadian trade in our State before the above said committee.

I trust you will also not omit to protest most strongly against the great injustice that is being done the tea merchants of this country

by allowing to enter free the large quantity of fancy decorated tins containing tea in all shapes and sizes.

It goes without saying that we are absolutely unable to produce a similar tin on the same basis, and combined with the underpaid English labor we are in a like position.

The cost of female labor in this country for tea packing costs from \$5 to \$10 per week, as against the underpaid price of 5 to 7 shillings sterling per week in England, or equivalent \$1.25 to \$1.75.

The writer, who has just recently returned from one of his many visits to that country, had once again the opportunity to see the said goods packed for this coveted American trade, and reports conditions exactly the same.

The packers' faces and looks, combined with the dirty, unhealthy condition of their persons, is, to say the least, enough to make the humblest of our east-side aliens discontinue drinking tea forever, were they only allowed to see the conditions under which said goods are packed.

Wishing you every success in your protest, believe me,

Yours, very sincerely,

ARCHIBALD DAVIDSON.

NEW YORK, *November 16, 1908.*

Mr. C. R. BANKS,

Care of B. Fischer & Co., New York.

DEAR SIR: In reference to your conversation, I take pleasure in handing you what may be regarded as safe calculations based on actual costs and figures for teas packed in London in fancy decorated tins for this country.

The cost of similar tins from the American Can Company are as follows:

One pound, 8 cents, against London cost £8 per 1,000 in 25,000 lots; one-half pound, 10½ cents, against London cost 105s.; one-fourth pound, — cents, against London cost 75s.; and the cost of material and labor in this country you know practically as much about as I do.

Trusting this is the information you require,

I am, dear sir, yours, very faithfully,

ARCHIBALD DAVIDSON.

Decorated.	English cost.			American.		
	Pounds.	½ pound.	¼ pound.	1 pound.	½ pound.	¼ pound.
Tins	0.04	0.05	0.07	0.08	10½	(?)
Wood case	.01	.01	.01			
Blending.						
Collecting and repacking original package into	.02	.02½	.03			
Material.						
Inside wrapper, outside wrapper, inside seal, outside seal, and sundries	.02	.02¼	.03½			
Ocean freight landing charges	.00⅜	.00⅜	.00⅜			
Tea	.13½	.13½	.13½			
Total	.22⅞	.24⅝	.28⅜			

NEW YORK.

Very nearly 10 per cent of the entire imports of Canada is shipped to this country. They have the benefit of rates in freight that we can not get under the freight laws as they now exist in this country.

Tea imported into this country in tin packages:

Duty on tins.—Sheet tin, 1½ cents per pound. Cans, tin or other metal, 45 per cent, but not less than 1½ cents.

Tea imported into this country in lead packages:

Duty on lead.—At least 2½ cents per pound. Metal foil, 45 per cent.

GEO. C. CHOLWELL & CO.

NEW YORK, *November 14, 1908.*

Col. C. R. BANKS,
Care of Messrs. B. Fischer & Co.,
New York City, N. Y.

DEAR SIR: We are in receipt of your letter of November 13, 1908, stating that you expect to appear before the Ways and Means Committee, at Washington D. C., Wednesday, November 18, to protest against allowing Canadians to ship teas across the border into the United States duty free, whereas the Canadian government have placed a 10 per cent duty on teas entering the Dominion from the United States.

We wish to indorse the protest, and will say that we have received numerous complaints from our salesmen, who sell along the border, of unfair competition.

We believe the main reason of this complaint to be that the Canadian government will admit poorer or trashier teas than the United States Government will allow to enter, and because of their being shipped in small lots they fail to come under the eye of the United States Government inspector.

Hoping that your protest wil aid in remedying the present situation, I remain,

Very truly, yours,

BENNETT, SLOAN & CO.,
ARTHUR F. TRIPP.

SYRACUSE, N. Y., *November 14, 1908.*

Mr. C. R. BANKS,
Care of B. Fischer & Co.,
371–375 Greenwich street, New York, N. Y.

DEAR SIR: Yours of the 13th in regard to the duty on teas entering Canada from this country at hand.

In reply we would say that this is a matter of considerable importance to us, as in towns near the Canadian border we come into direct competition with teas sold on this side of the line by Canadian firms, and on account of the duty we are unable to compete with them on their own side of the border. We think in justice to the American dealers the duty in Canada should be done away with or a corresponding duty should be placed on all teas entering this country from Canada.

We trust that your committee will be able to impress the justice of this view on the Ways and Means Committee, and will gladly do anything that we can to help the matter along.

Very truly, yours, O. V. TRACY & Co.

BOSTON, *November 14, 1908.*

Mr. C. R. BANKS, New York.

DEAR SIR: We are pleased to know that you are about to call the attention of the Ways and Means Committee to a long-standing abuse.

As we understand it, at the time our duty on teas from Canada was removed, Canada officials had given assurance that like action would be taken by their government. This not having been done, the one-sided business to which you refer has developed. If that duty could be reimposed, unfair competition, brought about by action of our Government, would disappear.

We are heartily in sympathy with any movement to reestablish equal conditions.

Yours, truly, WILLIAMS & HALL,
By E. E. WILLIAMS.

BUFFALO, N. Y., *November 16, 1908.*

Mr. C. R. BANKS.

DEAR SIR: Yours of recent date received this a. m. In reply to same will say we heartily indorse any action you may take to stop the Canadian competition.

We consider this trade unfair competition, and it is working great hardship among all tea dealers along the border.

We are ready to assist you in any way that is in our power, and hope you will be successful in your endeavor.

Respectfully, yours,

THE WITKOP & HOLMES COMPANY.

ROME, N. Y., *November 14, 1908.*

C. R. BANKS, *New York City.*

DEAR SIR: Your favor of November 13 is at hand, and it certainly is a great surprise to us to learn that Canadians are selling package teas in our country without paying duties, when Americans are required to pay 10 per cent duties providing they wish to sell in Canada.

As the expenses of every wholesale grocer and dealer in teas are quite extensive and all are required to pay duties toward the support of our Government in taxes, etc., we certainly protest quite strongly against any such method. We hope that the Ways and Means Committee at Washington will devise some way of either preventing them from selling goods in this country under such unfair circumstances, or that there may be laws enacted to compel the Canadians to pay the same percentage of duties as we are required to pay when we sell in their country.

Respectfully, yours, L. HOWER,
Wholesale Grocer.

SYRACUSE, N. Y., *November 14, 1908.*

B. FISHER & CO.,
New York City, N. Y.

GENTLEMEN: We understand that you are to appear before the Ways and Means Committee at Washington on November 18. We wish to add our protest against the Canadians who have been selling tea to our border state trade and who are selling package teas to a great many States, and we understand not paying the United States Government a duty. We believe that the Canadian government charges us 10 per cent on the selling price when we ship goods over the border. We think this an unfair competition that they should enjoy benefits of our Government without paying taxes.

We sincerely hope this unfairness may be corrected.

Very respectfully,

CROUSE GROCERY CO.,
GEORGE N. CROUSE.

BOSTON, *November 14, 1908.*

Mr. C. R. BANKS,
Care of B. Fischer & Co., Greenwich Street, New York.

DEAR SIR: We are informed that you have been delegated to appear before the Ways and Means Committee at Washington on Wednesday, November 18, to enter protest against the custom now prevailing where Canadian merchants have the privilege of flooding our New England States, and in fact the whole country, with teas packed in Canada, without paying our Government any duty, whereas if we have an opportunity of selling any goods in the Canadian territory we are obliged to pay the Canadian government a duty of 10 per cent on the selling price, a duty so large that it is practically prohibitive.

This certainly is unfair competition, and is every year injuring our business more and more, as we have a large trade with merchants on the border line, and we want to raise our voice in protest against a continuance of the present conditions, and heartily indorse your endeavors to show these conditions before the Ways and Means Committee in an effort to effect a change.

Very truly, yours, DELANO, POTTER & CO.

NEW YORK, *November 16, 1908.*

Mr. C. R. BANKS,
Care of Messrs. B. Fischer & Co.,
375 Greenwich Street, City.

DEAR SIR: We wish to voice our protest against the manner in which the Canadians, who, because of no duty on tea to our country, are able to compete with us in the border States, while we, because of a duty of 10 per cent a pound on teas to Canada, are prohibited from selling teas in that country.

We believe if our Government can not succeed in having the duty on tea, shipped from the United States to Canada, removed, that a like duty should be placed on teas from Canada to the United States.

Yours, truly,

EPPENS, SMITH COMPANY,
J. A. EPPENS, *Vice-President.*

[Telegram.]

MALONE, N. Y., *November 16.*

C. R. BANKS,
Care B. Fischer & Co., New York:

We protest most emphatically against the unfair and vicious competition of Canadian tea brokers permitted and encouraged under the present laws. This advantage is rapidly demoralizing the tea trade for northern jobbers, and we indorse heartily your efforts.

ANDRUS-ROBINSON CO.

NEW YORK, *November 16, 1908.*

Mr. C. R. BANKS,
New York City.

DEAR SIR: We beg to inform you, as a delegate for the tea trade to appear before the Ways and Means Committee at Washington, November 18, 1908, that we most vigorously protest against the unfair competition with Canadian merchants who are selling tea in our border States and are permitted to enter it from Canadian ports without duty, thereby enabling them to work off their surplus stocks with our customers, while, on the other hand, we are compelled to pay 10 per cent duty on all shipments that we undertake to make to Canadian dealers from our American ports.

We trust it will be fully understood by our legal representatives at Washington that this is "jug-handle" legislation and militates against the enterprise and industries of the United States. It also encourages competitors who do not in any way contribute to the expense of maintaining the support of our Government or the employment of our citizens in the labor necessary to conduct its various branches.

Yours, respectfully,

THE G. B. FARRINGTON CO.,
D. C. JOHNSON, *President.*

BOSTON, MASS., *November 16, 1908.*

C. R. BANKS, *New York.*

DEAR SIR: We wish to protest against this unfair competition. The Union Blend people firm, Harry W. de Forest, St. John, N. B., have flooded Massachusetts with their cheap package goods, underselling and doing large advertising. We can understand now how they can afford to do this—the cheap help and no duty. Wish you could stop this trade at once.

Yours, sincerely, FREDK. C. SMALL & CO.

MALONE, N. Y., *November 16, 1908.*

Mr. C. R. BANKS,
Care B. Fischer & Co., New York City.

DEAR SIR: Your letter of the 13th instant for some reason only came to hand yesterday. As the matter to which you refer interests

us so vitally, we were in doubt whether a letter addressed you to-day would reach you in time to be of any use by you November 17 at Washington. For this reason we have wired you to-day, protesting against the present laws which encourage the vicious competition of Canadian tea brokers and importers, who have no legitimate basis for selling or standards of grades. Located as we are in the extreme northern tier of counties, we feel this competition keenly, and are heartily willing to cooperate with you in any way in our power to advance the mutual interests of all jobbers and importers selling tea in this section.

Yours, truly,

HOWARD,
Andrus-Robinson Company.

BUFFALO, N. Y., *November 16, 1908.*

Mr. C. R. BANKS,
New York City.

DEAR SIR: You have my hearty indorsement in the protest against the Canadian government for selling teas in the United States without paying duty to our Government, as they require us to do. Wishing you every success in your endeavor to have justice done in this matter, and with very best wishes, I remain,

Yours, respectfully,

D. MAHANEY'S SONS.

[Telegram.]

ST. PAUL, MINN., *November 16.*

C. R. BANKS,
Care B. Fischer & Co., 371 to 375 Greenwich street, New York City.

Large quantities Canadian tea sold this territory. Will indorse any movement placing us on equal basis. Would like Canadian duty removed.

FOLEY BROS. & KELLY.

[Telegram.]

ST. PAUL, MINN., *November 16.*

C. R. BANKS,
Care B. Fischer & Co., 371 Greenwich Street, New York City.

We would like to be let into Canadian markets on even terms, but if can't, will indorse any movement which will keep Canadian tea merchants out of our territory.

GRIGGS COOPER & CO.

[Telegram.]

ST. PAUL, MINN., *November 16.*

C. R. BANKS,
371 Greenwich Street, New York.

Unfair conditions existing between States and Canada on tea seriously injures our business.

J. H. ALLEN & CO.

TROY, N. Y., *November 14, 1908.*

C. R. BANKS,
New York City.

DEAR SIR: We are very glad to know that a strong protest is to be made of the matter of the Canadian tariff on teas. In a large part of our territory the Canadians have been flooding the trade with teas, as this country has no tariff on these goods, while we are cut off from selling tea in Canada by the Canadian tariff. It is a very bad state of affairs for American firms in the tea business, and should be remedied at once, in some way. All the package teas are put up by Canadian labor, which pays no taxes to this Government. They have full swing in the United States selling goods, while no American firm can compete against the duty of 10 cents a pound.

Yours, truly,

SQUIRES, SHERRY & GALUSHA.

NOVEMBER 16, 1908.

Mr. C. R. BANKS,
371–375 Greenwich street, New York City.

DEAR SIR: We are pleased to have the opportunity to put ourselves on record as in favor of a retaliatory duty of 10 per cent on all bulk teas coming from Canada.

We would also like to see a duty on all packet teas from any foreign country, sufficient to protect those who put up such packets here from the competition of cheap labor of other countries.

Yours, very truly,

RUSSELL & CO.

NEW YORK, *November 17, 1908.*

Hon. CHAS. R. BANKS.

DEAR SIR: Hearing that you have undertaken to represent the tea trade, in the matter of a duty on teas in packages imported into this country, and not packed at the original port of shipment, we wish to express ourselves as being heartily in favor of such a duty and also in favor of a duty on all teas imported from Canada as long as there is a duty there on all teas coming from the United States.

Yours, very sincerely,

THORN & CREGO.

NEW YORK, *November 13, 1908.*

GENTLEMEN: The writer has been delegated to appear before the Ways and Means Committee, at Washington, Wednesday, November 18, to enter protest against the Canadians who have been selling tea in our border State trade and are advancing their interests now all over the States with package teas and not paying our Government a duty, as we are obliged to pay the Canadian government when we ship there, of 10 per cent on the selling price, and I ask you to write me at once your protest and state your knowledge of there being unfair competition, they enjoying the benefits of our Government without paying taxes for the support of our Government in the con-

ducting of their business or employing our citizens' labor in packing the tea.

Your reply will have to be received here by Tuesday, November 17, to be used the following day at Washington. In the event of your not being able to address me by mail, kindly wire your indorsement of my endeavors to meet the conditions.

Very respectfully, yours, C. R. BANKS.

NEW YORK, *November 17, 1908.*

Mr. C. R. BANKS,
Care of B. Fischer & Co.,
No. 371–375 Greenwich Street, City.

DEAR SIR: We understand that you have been delegated to appear before the Ways and Means Committee, at Washington, on Wednesday, November 18, in regard to a protest against Canadian tea merchants who have been selling teas in the northern border of our State. We have always felt that the sale of tea in this territory by the Canadian merchants was unjust to us and trust that you will enter our name in protest against the Canadian merchants coming here and selling tea to our trade when they in turn charge a 10 per cent duty on any teas that we might sell in Canada. We consider such competition to be not only unfair, but unjust. Canada merchants are closer to our trade in the North, consequently their freight rates are less. They can lay down teas in the northern part of New York for less money than we can, consequently we can not compete with them, and if they are enjoying the privilege of selling tea in our country without paying taxes for the support of our Government we should certainly have the same privilege of going into their country.

If they will not allow us to sell our tea in their country without charging us a 10 per cent duty, they should certainly be compelled to pay the same amount for the privilege of getting their business in our territory. Something ought to be done about this matter, and we trust that the Ways and Means Committee will see the injustice and do something to put us in a position to compete with the Canadians in selling tea in a territory which justly belongs to us. If something is not done, it will drive merchants of our standing out of the tea business all along the northern border.

We remain, respectfully, yours,

R. C. WILLIAMS & CO.
W. H. SINCLAIR.

PLATTSBURG, N. Y., *November 14, 1908.*

Mr. C. R. BANKS,
371 Greenwich Street, New York City.

DEAR SIR: We wish to enter our protest, and ask you to present it before the Committee of Ways and Means at Washington, against allowing the Canadians to come into the State of New York and sell their package teas without paying any duty. Here along the frontier we find this competition very sharp, and while we are obliged to meet the competition that is incident to the trade from those who pay their

share of taxes to the support of the Government, we do not think it is fair that the Canadians should be permitted to come here and enjoy the benefit of our trade without paying something to the Government for its support. We strongly urge that Congress will take this matter up and make provisions at least that they can not have the advantage over people who do business here and pay the taxes.

Yours, truly,

BOOMHOWER GROCERY CO.
A. D. BOOMHOWER, *President.*

NEW YORK, *November 17, 1908.*

Mr. CHARLES R. BANKS, *City.*

DEAR SIR: We would like to voice our protest against the unfairness of Canadian competition in bulk and packet teas.

Either the American should be protected by a retaliatory duty or the ad valorem duty of 10 per cent removed.

Trusting that good result will follow your presentation of these conditions before the Ways and Means Committee, we remain,

Very truly, yours,

HALL & LOUDON.

NOVEMBER 18, 1905.

To the honorable SECRETARY OF THE TREASURY,
Washington, D. C.

HONORABLE SIR: The trade in tea packed in tin, lead, and other unusual coverings in denominations of 5 pounds and under is growing to large proportions in this country. The trade in same is in a very large degree controlled by foreign firms and corporations, against which Government has imposed no discrimination, except as implied in paragraph 548 of the Dingley tariff act, which is not in force.

My understanding of said paragraph is that it is in the discretion of the Secretary of the Treasury to impose a tax on such coverings equal in amount at least to the duty we must pay on lead, etc., and the value of the labor employed in packing, etc., in addition which would otherwise be enjoyed by American labor.

I am strong in the belief, and in which I am safe to say all jobbers in teas agree, that it is unjust to permit packers of teas in Canada to ship teas in a large way to this country, the tea free of duty, as well as the lead, etc., in which it is packed.

It is a discrimination against American capital and labor to permit teas, in the denominations mentioned, into this country from Great Britain, India, Ceylon, Japan, and China without a tax at least on such coverings, and also it places all importers, jobbers, and packers of teas in this country at an unfair disadvantage against which they look and hope for protection.

This communication is not official, but I am satisfied it will receive consideration. It is suggested by my interest in tea, as well as in the general welfare of the business, but should the exigency arise (which I hope it will) my firm will, I believe, strongly advocate such measures as will result in justice to all parties in interest.

I am, honorable sir,

Very respectfully,

R. C. MORRISON,
Manager Tea Department.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, November 21, 1905.

R. C. MORRISON,
Manager Tea Department, Reid, Murdock & Co.
(Incorporated), Lake and Market Streets, Chicago, Ill.

SIR: Replying to your letter of the 18th instant, calling attention to the large importations of tea imported in 5-pound packages and under, inclosed in what are claimed by you to be unusual coverings, and expressing the hope that this department may find a way of assessing duties thereon, in order to protect domestic interests, I have to inform you that tea being free of duty the usual and necessary coverings containing such tea are likewise exempt. It is provided, however, under No. 19 of the customs administrative act of June 10, 1890, that "if there be used for coverings or holding imported merchandise, whether dutiable or free, any unusual article or form designed for use otherwise than in the bona fide transportation of such merchandise to the United States, additional duty shall be levied and collected upon such material or article at the rate to which the same would be subject if separately imported." The question as to whether a covering is an unusual one is strictly a question of fact to be determined by commercial usage. The department has heretofore contested several cases of this kind in the courts, but without success. If you have any particular cases in mind, and can prove by competent trade testimony that such coverings are unusual, within the meaning of No. 19, I would advise you to bring the matter to the attention of the collector of customs at Chicago.

Respectfully,
J. B. REYNOLDS,
Assistant Secretary.

CHICAGO, *November 16, 1908.*

Mr. C. R. BANKS,
Care B. Fischer & Co., 371 Greenwich street, New York.

DEAR SIR: We have your favor having relation to free admission of teas to this country from Canada.

As the inclosed copies of letters to and from the Treasury Department will show, we had a keen sense of the injustice, and are still strong in that opinion, and we endeavored to interest Mr. Thomas Phealan, of your city, who was then president of the National Tea Association, in the cause.

The writer, on receipt of the Treasury's reply, saw that he had overreached himself in the assertion that the coverings were unusual. In a sense, it was correct, inasmuch as packages of 1 pound and under were an innovation conceived in London, and the subsequent success was made possible by the Chicago World's Fair. The benefit resultant, however, should be enjoyed by American capital and labor.

It is needless to say that we are in thorough accord with the movement, and we are very hopeful your presentment of the cause before the Ways and Means Committee will be successful.

You will kindly commend the writer to Mr. Boutell, of the Ways and Means Committee, who has on a few occasions listened to the appeals of a committee of which he was a part on matters pertaining to tea.

Yours, truly,
REID, MURDOCH & CO.
R. C. MORRISON.

STATEMENT OF S. LOCKE BREAUX, PRESIDENT OF THE RICE ASSOCIATION OF AMERICA, NEW ORLEANS, LA.

Mr. BREAUX. The present protective tariff enjoyed by the rice industry in this country is as follows:

Rice, broken, which will pass through a sieve commercially known as No. 12 wire sieve, per pound	cents	¼
Rice, cleaned	do	2
Rice, flour and rice meal	do	¼
Rice, ground or granulated	do	¼
Rice, Hawaiian, broken		Free.
Rice, hull ashes, as unenumerated manufactured articles	per cent	10
Japan, as unclean	cents	1¼
Rice may be cleaned in bonded warehouse, act March 24, 1874, in force	cents	¼
Rice patne, per pound	do	2

Taken from general tariff law now in operation, enacted by act of Congress July 24, 1897, has made possible its development in the coastal territory of Louisiana and Texas, and its further development now along the Mississippi River in north Louisiana, and in the prairie belt of the State of Arkansas. Where twenty years ago were cattle ranges and open prairie lands, a wild and undeveloped territory, is to-day a section of farms, cities, and manufacturing enterprises, all of which have come about through the development of the rice industry.

There are estimated farm lands one and one-half million acres, of which 650,000 are in actual cultivation.

There are canal and pumping plants, 157; added to which are estimated 500 farms irrigated by wells; acreage prior to tariff, none of record; acreage 1908, 655,600; rice mills, 74.

Added to this value is work stock, implements, and improvements. Further, there have grown up cities, of which Crowley, Gueydan, and Jennings are types in Louisiana, and Bay City, El Tampo, Eagle Lake, Ganado, and Markham are types in Texas, these cities being exclusively rice towns.

The foregoing gives us an aggregate investment, due entirely to rice of, say, $200,000,000.

Illustrating that point, we will take the parish assessments in the State of Louisiana:

Parish assessments—State of Louisiana.

Parish.	1880.	1890.	1900.	1908.
Acadia		$1,300,000	$4,000,000	$7,300,000
Calcasieu	$1,800,000	5,700,000	10,000,000	34,700,000
Cameron	360,000	670,000	950,000	1,400,000
St. Landry	3,000,000	4,500,000	4,700,000	9,500,000
Vermilion	860,000	1,800,000	3,000,000	5,000,000
	6,020,000	13,970,000	22,650,000	57,900,000

Above show enhancement in value in typical rice parishes, due almost entirely to advance in rice culture.

The $200,000,000 value is all dependent upon the culture of rice, that brings to the farmer from $18,000,000 to $20,000,000 annually for his product, and in the turnover, from the time the product leaves

the farm until it gets to the consumer, a further profit of $20,000,000 goes to the middlemen—that is, the transportation lines, rice mills, and distributers generally.

We contend that in the case of an industry so vast as this, contributing so largely to the material welfare, in a broad sense applying to all sections of the country, to ask the American agriculturist, and from him on up through the different variations of labor who handle rice, to ask them to put their industry on a basis where they will have to compete with the rice of the Asiatic countries is to invite and bring about annihilation of the industry.

It is a fact, as has been shown by the investigations of the Department of Agriculture, that the rice produced in British India and in Burmah is on a family basis—that is, there is no wage paid—and after the needs of the family are taken out in rice whatever surplus there is is dumped on the market and sold for what it will bring.

It is a further matter of fact that in the matter of transportation foreign bottoms going to the Orient and returning to the Continent or to this country will bring rice at an incredibly low rate of freight, putting it into our seaports at from 20 to 25 cents per 100 pounds. That is shown by the official records that I would like to have go into the record, showing a quotation from an English firm.

In order that the committee may be advised as to the cost of producing rice in the United States, we submit a typical statement showing what it costs to produce rice.

Taking the average cost of farms farmed during the past five years by the North American Land and Timber Company, of Lake Charles, amounting in the aggregate to over some 5,000 acres, it is found that the cost is as follows:

Plowing land, per acre	$2.00
Disking and harrowing, per acre	.75
Seeding and rolling and seed, per acre	2.50
Looking after water and crop ninety days in summer, per acre	1.80
Cutting and shocking, per acre	2.00
Thrashing, sacks, and hauling to warehouse, per acre	4.00
Cost of loading rough rice on the cars, insurance, storage, and warehouse, per acre	.75
Cost to the farmer for water, per acre, about	5.50
Interest on mules, farming machinery, and land, per acre	4.00
Fertilizer	1.00
Total	24.30

We further present several statements just as they come to us from the farmer, and, under average conditions, it will be observed that the total cost runs from $21 to $30 per acre.

We call attention to the fact that labor to-day on the farm gets $1.50 per workday, as against $1 per day ten years ago, not to mention the increased cost of feedstuffs, mules, farming implements, and so forth.

As the average yield per acre, as per figures of the United States Government, is 30.6 bushels per acre for the past ten years, or 1,377 pounds per acre, the equivalent of 8½ commercial barrels, and as the average prices for the past ten years have been, say, $3 per barrel, or $25.50 per acre, on the plantation, one can see that the margin of profit is not any greater than it should be.

The foregoing premises considered, the rice interests of the United States of America pray and ask that the present tariff conditions, in so far as they affect rice, be not disturbed.

As a matter of information to the committee, I was here when the gentleman from Italy, I believe, talked about Italian rice, the amount of Italian rice that comes into this country. I have not the statistics, because I do not claim to be a statistician, but as a matter of trade knowledge I know it is very small—it amounts to very little. We get, for instance, a certain amount of Valencian rice from Spain for our Spanish residents in the United States. In San Francisco there are a certain set of Chinamen who insist on getting rice imported from their country.

So when you specialize on rice, the different rices of that kind in the aggregate do not amount to very much.

A gentleman got up and spoke here on the matter of Porto Rico, 900,000,000 pounds. The Porto Rican market, when we first got in there, only took our very cheapest grade, rice that in this country we call screens and second head and the medium and lower grades, and we are selling to that territory to-day, and have been straight along, c. i. f. to San Juan and other points rice that will not average over 3¼ cents delivered. So that even if the duty was removed so far as they are concerned, there would not be a difference of 2 cents to them, because you can not import the rice into Porto Rico or this country for less than—well, from 2 cents to 2¼ cents. You add the duty to that and you get what it costs us. I am not referring now to brewer's rice, which is a different proposition.

The CHAIRMAN. What quality of rice do they use in Porto Rico?

Mr. BREAUX. They have gradually improved the grade that they take from us.

The CHAIRMAN. They have acquired a better taste under the American plan?

Mr. BREAUX. Since we have educated them up to a better grade, yes.

Mr. BOUTELL. The choice rice that is grown in Louisiana is the best rice that is produced anywhere in the world, is it not?

Mr. BREAUX. I would not dare say that before gentlemen from the Carolinas and from Georgia.

Mr. BOUTELL. Well, I will modify the question and say the rice produced in our southern tier of States is the best rice produced anywhere in the world, is it not?

Mr. BREAUX. Yes, sir; both as to what we call the Honduras and the screened head rice, that is the best rice anywhere.

Mr. BOUTELL. And that improvement in rice has been under the fostering influence of a protective system?

Mr. BREAUX. Unquestionably, in my judgment.

Mr. BOUTELL. I take it that rice is not the only article in which the good people of Louisiana are in favor of a protective tariff?

Mr. BREAUX. No; we have some sugar people in Louisiana.

Mr. CLARK. And you have some sulphur there?

Mr. BREAUX. Yes; we have some sulphur.

Mr. BOUTELL. And lumber?

Mr. BREAUX. Yes; we have lumber also.

Mr. BOUTELL. In other words, the good people of Louisiana are in favor of a protective tariff, are in favor of the protective policy?

Mr. BREAUX. I should say commercially they are, yes; although politically they are not.

Mr. BOUTELL. I am asking as to what they are in favor of commercially. This committee has absolutely nothing to do with politics. This committee is dealing with exclusively commercial, fiscal, and financial questions.

Mr. BREAUX. I understand.

Mr. BOUTELL. Take it, then, as a revenue policy, the people of Louisiana are in favor of a protective policy?

Mr. BREAUX. I should say so; yes, sir.

Mr. BOUTELL. Historically Louisiana was a Whig State, a protective State?

Mr. BREAUX. Yes; and she is now, in fact.

Mr. BOUTELL. And not only the rice culture, but the sugar culture and lumber culture have grown up under the fostering care of the protective tariff?

Mr. BREAUX. That is true.

Mr. CLARK. One thing about the rice business I have not been able to understand, and that is why more people in the United States do not eat rice.

Mr. BREAUX. Well, from my view point it is because the distributing end of the business has not kept up with the agricultural end of it.

Mr. CLARK. I did not know what the trouble was, but I wondered why the consumption had not grown more. It is increasing, is it?

Mr. BREAUX. Oh, yes. I believe the per capita consumption now is probably between 7 and 8 pounds, including what we import.

Mr. CLARK. It is one of the cheapest and best food articles that we can get, is it not?

Mr. BREAUX. Yes.

Mr. POU. I would like to ask this witness whether there is competition in the prices of rice or are the prices fixed by any trust?

Mr. BREAUX. There is decided competition, that is the trouble. We are free lances, and we are cutting each other's throats, so to speak.

Mr. POU. It was stated somewhere that one concern monopolized the business to a large extent and fixed the price—something to that effect.

Mr. BREAUX. No; I will explain that to you, sir. The National Rice Milling Company, in New Orleans, is the largest manufacturer of rice. They are the largest distributers of rice. Their capacity, we will say, is about 5,000 sacks in twenty-four hours, as against the next mill having a capacity of probably 2,000 or 2,500. There are only two of that size. Naturally a concern of that size exercises a great influence on prices. They are the only concern, I believe, which has buyers covering every section that rice is raised in. For that reason, of course, they are often accused of trying to control the situation, and they do to that extent; but so far as any combination in the sense of there being a trust or a price fixed is concerned, the history of the business shows that rice varies from 2¼ up to 5¼, and there is no such thing as a trust, or the fixing of any price.

Mr. POU. What is the price now?

Mr. BREAUX. I got a letter to-day from my firm. We sold some Japan rice for $3.50 per barrel, and our Honduras at $3.65.

Mr. POU. What is the market price of the rice raised in the South?

Mr. BREAUX. The average market price to the farmer?

Mr. POU. Yes.

Mr. BREAUX. I state in this pamphlet it is my belief at the plantation about $3 per barrel. We figure it on 362 pounds to the barrel. in contradistinction to the Government's figures of 45 pounds to the bushel basket.

Mr. POU. It is profitable at that?

Mr. BREAUX. I should say not, for the reason that the average man knows when he gets into rice, but he never knows when he gets out.

Mr. CLARK. You have to be a good deal more careful of your rice crop than you do of a crop of wheat, do you not?

Mr. BREAUX. Well, as an agricultural problem, for instance, the Mississippi River planters will start plowing in December and break up their land sometimes two or three times during the winter. And in February and March they try to put the seed in the ground.

Mr. CLARK. How much do you get for a bushel of rice—45 pounds?

Mr. BREAUX. I should say 70 cents. It will average about that now; it has been a little higher than that. Our market this year opened up to about a basis of $1.10.

Mr. CLARK. Suppose rice was advertised like postum, for instance. Do you not suppose that the consumption of it would be increased tenfold in the next twenty years?

Mr. BREAUX. I do not think there is any question about it. It is the purpose of the Rice Association of America to try and educate the selling end of the business, so that the consumption of rice will be increased.

Mr. UNDERWOOD. What do you say is the profit to an agriculturist in an acre of rice?

Mr. BREAUX. I should figure it, including interest——

Mr. UNDERWOOD. Leave the interest out.

Mr. BREAUX. I should say the average man that comes along and makes $6 or $8 per acre would be entirely satisfied with that; he would be satisfied with the result of his year's work if he made that much an acre.

Mr. UNDERWOOD. What does he pay for that land?

Mr. BREAUX. If he is near a railroad he pays from $50 to $60 or $75 an acre for it; if he goes out 6 or 7 miles from the railroad it would cost him probably $25 to $30 an acre, and if he is 12 or 13 miles away from the railroad he could get it for $15 to $18 an acre. I am giving my idea of what the general average would be.

Mr. UNDERWOOD. What is the cost of hauling, per ton?

Mr. BREAUX. I don't know; I have not figured on that basis.

Mr. UNDERWOOD. Do they have good or bad roads in the rice country?

Mr. BREAUX. In our country the roads are bad.

Mr. UNDERWOOD. It costs you something like 75 cents a ton, does it not?

Mr. BREAUX. We figure it on the sack basis entirely. Let us see; I have seen a time when a team of four mules could not haul over 6 sacks of rice to market and could not make over 1 trip a day; then again I have seen it where such a team could haul 30 sacks. As a

rule, however, the farmer accumulates a quantity of rice, and then when he is not working at anything else he hauls it. If you want to have rice hauled they charge you 10 cents a sack.

Mr. Underwood. You say a man does not make over $6 or $7 an acre?

Mr. Breaux. Sometimes he does.

Mr. Underwood. On the average season?

Mr. Breaux. On the average $6 or $8 an acre would satisfy him, in my opinion.

Mr. Underwood. That does not include the interest on his investment?

Mr. Clark. What part of the rice consumed in the United States is raised in the United States, roughly estimated?

Mr. Breaux. I can not quote the statistics, but in the month of August I figured that the United States consumed about 6,300,000 bags, or that would be 6,300,000,000 pounds, and the United States makes about from 5,000,000 to 5,250,000 bags.

Mr. Clark. At the rate the rice industry is increasing in the South, especially Louisiana and Texas, it will not be very many years before we can produce all we use?

Mr. Breaux. It is our hope and belief that if we are given the benefit of the present protection, in a very few years we will be able to produce all the rice that is consumed in the entire United States. I believe the more we distribute the production of rice the cheaper we will be able to put the rice to the consumer. That is, we will be able to eliminate the fictitious profit.

Mr. Clark. So some time in the sweet by and bye we will be able to take the tariff off and still produce all the rice that is consumed?

Mr. Breaux. When that comes, I fear I will be out of the business.

STATEMENT OF W. H. P. McFADDIN, OF BEAUMONT, TEX.

Mr. McFaddin. I agree with nearly everything my associate says, but we have one proposition that I dissent with them on, and that is in regard to brewer's rice.

Brewer's rice to-day has a tariff of 25 cents a hundred pounds. I want to increase that one-half a cent a pound, or 50 cents a hundred pounds, for the reason that I do not believe the brewer is the proper man to get the benefit of this protection. I believe it should go to the farmer instead of to the brewer, and for this reason: Germany gets nearly all the Burma or India rice, because of the mills in Germany, the large polishing mills that finish the rice up and put it on the market. Germany will not permit the use of brewer's rice to be made for the brewers in Germany, because it comes in competition with corn and barley of their farmers, if it is raised in Germany. Consequently, she importing this great amount of Burma or India rice, they have a very cheap price in the way of brewer's rice, and on the top of that they have a cheaper freight rate from Germany to St. Louis than we have from Beaumont to St. Louis or from Beaumont to New York.

Now, they can bring brewer's rice into New York for about 10 cents a hundred, and it costs us by our coastwise boats and also by rail 30 cents a hundred from Beaumont, Tex., or New Orleans.

I believe New Orleans has a 35-cent rate; we have a 30-cent rate. I am a Texas man, and I am talking particularly for Texas now.

In the rate to St. Louis and Milwaukee they bring it through from Hamburg, Germany, ship it over our railroads to St. Louis for 17 cents, while it costs us 20 cents to St. Louis. They go into New York on a 10-cent rate, where it costs us 30 cents. Thereby they have overshadowed or equalized their import duty by reason of their cheap freight rates.

Mr. CLARK. Is the water rate from down in Texas to New York 30 cents?

Mr. MCFADDIN. Yes, sir; and no foreign boat, you know, is allowed to do any coastwise trade. It is something we can not help. And when we talk about their shipping rice right through our town to St. Louis, foreign rice from a foreign country, cheaper than we can, they say we can not do anything about that, because it is not commerce in the United States; it is foreign commerce, and they make the rate on the other side.

The CHAIRMAN. It is a through rate, ocean and all?

Mr. MCFADDIN. Yes, sir; it is through rate; that is what it is, but the railroad gets its end of it, the proportion I have said.

Mr. CLARK. When we get that 14-foot channel from St. Louis to the Gulf, you will be worse off than you are now, then?

Mr. MCFADDIN. I suspect we will, so far as the brewers are concerned. I do not think the brewers need this protection. Then they had it reduced a quarter of a cent a pound. We were not raising much rice in the United States, and we were selling all the rice we raised without any trouble, and we have not asked for anything. This is the first time that we have asked for anything, and my friends, while they think it is a good thing, did not have the nerve to get up and ask for it. I have found out in my life that there are a great many things we miss by not asking for them.

Mr. UNDERWOOD. Will you explain the difference to me between brewer's rice and ordinary rice?

Mr. MCFADDIN. Yes, sir; brewer's rice is the smallest rice we make; it goes through what we call a No. 12 sieve, and only has a 25 cents per hundred pounds duty.

The CHAIRMAN. It is broken rice?

Mr. MCFADDEN. Yes; broken rice. Not broken rice altogether, because we have other broken rices, but none as small as that brewer's rice. The brewer's rice can only be used for brewers, because it kind of cakes up in a mush; it is like grit in reference to corn.

Mr. UNDERWOOD. It is the slack of the crop?

Mr. MCFADDIN. Yes, sir; it is the lowest-grade rice we have, and they put that rice in here for about $1.90 to $1.92 a hundred pounds, or $1.95 a hundred pounds. Of course that reduces our rice to about 1¾ cents per pound.

Mr. CLARK. Brewers' rice occupies about the same status with reference to the rice we eat that grits bears to hominy?

Mr. MCFADDIN. Yes; something on the same order.

We have, then, second head, which is half grain, three-quarter grain, and quarter grain, and then we have screenings, that come between that and the brewers' rice, and then the lowest-grade rice we have in the brewers' rice. Now, Mr. Brewer, in the first place makes his contracts over there for a great amount of this rice, and he gets

a cheap rate. He also sends men out in this country and makes contracts. They send a buyer down to our country that buys for these brewers. He represents that he is a broker, and he is to have 10 cents a sack off. The brewer gets that. We have to give that 10 cents a sack off as brokerage. Now, if our rice happens to be seedy they say, "Oh, well, your rice is seedy," and that knocks something off.

If we had a certain amount of red rice, they give a less price for that kind of rice.

I believe we are going to have to sell our brewers' rice this year at $1.50. It went as low as $1.25 and $1.30 during 1893, when we had the big crop. We are trying down there to get about $3 a bag for our rice this year. I have my doubts whether we will get it or not.

Mr. UNDERWOOD. For brewers' rice?

Mr. McFADDIN. No; for our rough rice; what we call the rough rice of the farmer. It is going to run from 2¼ to 3¼. We have sold some rice as high as 3½, very choice rice. That is in the rough.

Our best clean rice is bringing about 5 cents a pound. Our best clean rices are bringing to-day about 5 cents a pound, and from that on down——

Mr. UNDERWOOD. What percentage of the crop is this brewers' rice?

Mr. McFADDIN. From 8 to 10 per cent.

Mr. CLARK. What do you mean by polishing rice?

Mr. McFADDIN. In the first place, our rice goes up into the fourth floor and it is cleaned, and then the hull is taken off, and then it goes through what we call our "cones," and we take off the bran, and then we send it to the brush, made out of wool, sheepskins, and it is run around in there and we take off what we call the polish. This bran and polish is used as a by-product, as a feed, mixing with feed, and so forth. Most of the by-products go to Germany.

Mr. CLARK. Do you take it off to make it palatable, or on account of making it look better?

Mr. McFADDIN. Simply to please the eye. We take off three-sixths, I claim, of the rice in order to please the eye. He does not care about his stomach; it is the eye we have to please. I went into the rice business about eight years ago, and I have found the conditions this way and I have not tried to change the education of the people.

Mr. UNDERWOOD. If it did not run through that polishing machine, would it be white?

Mr. McFADDIN. No; it would be dark; it would be a dark, heavy-looking color, and it would not be pleasing to the eye.

Mr. CLARK. Have they not been experimenting to see if they could make paper out of rice straw?

Mr. McFADDIN. Yes; but it is a failure because wood pulp is cheaper. Wood pulp would have to get to $17 or $18 a ton before it will be possible to do that. This summer I was North, and I thought I would look into the paper business and see if there was anything in it, and I went into a pulp mill in Bangor, and they told me they had $2,000,000 invested in the plant, and they didn't know whether they would make any money this year, and I concluded I did not want to try that.

Mr. BOUTELL. What is the present rice acreage in Texas?

Mr. McFADDIN. About 250,000 acres.

Mr. BOUTELL. What was it, say, ten or twelve years ago?

Mr. MCFADDIN. Ten or twelve years ago it was very little. It has grown up within the last twelve years.

Mr. BOUTELL. This entire industry?

Mr. MCFADDIN. Yes; those canals and mills and all the industries. And I will state further that our rice men are not making any money. We make a little money one year and lose it the next year.

I will say further that it takes about five or six thousand dollars for a man to start out to raise rice in the rice belt. Secondly, it takes a pretty strong farmer or somebody has to back him to get him started.

Our machinery is high, our implements are high, our thrashing machines, and we have a lot of rice farmers this year that are going to lose money. Half the rice farmers in my county and State will lose money this year.

Mr. CLARK. Do you have trouble with the pigeons eating the rice?

Mr. MCFADDIN. No; but the ducks and birds give it Hail Columbia. We have birds down there by the million, and I have known men to lose two to three sacks to the acre by reason of the ducks and birds.

Mr. BOUTELL. With this quarter of a million acres devoted to rice in the past ten years in Texas alone, in your opinion a repeal of this duty or diminution of the present duty on rice would work a great injury to the rice industry?

Mr. MCFADDIN. No; it would simply wipe us off the face of the earth. Our plants would be shut down, and the farms would go back to waste land.

Mr. BOUTELL. It would not be injurious; it would be annihilation, you think?

Mr. MCFADDIN. That is what it would be.

Another thing: About every five years we have to turn out this land on account of red rice. We have what we call "red rice." Nobody knows how it comes or anything about it, but it comes along and takes possession of our fields, and it gets so red we have to take it out in order to get rid of it. It has to be plowed under in order to get thoroughly rid of it then, and they let it come up and graze it off. That is the only way to do.

And then, the irrigation of this property, holding the water on it so long, from 3 to 6 inches deep, from about ninety to one hundred days, that has a tendency to diminish the soil. Usually the first three crops that we get off our rice farms are the best, and then it begins to diminish, and not being in the business long, we are doing pretty well, because we had all new land, and instead of raising 8 and 10 sacks to the acre, we have been raising from 10 to 14 sacks to the acre. But now our lands are deteriorating, and we have to fertilize, and it is going to take several years of fertilization to keep up.

Mr. UNDERWOOD. What do you say you make an acre on rice?

Mr. MCFADDIN. About $4 an acre would be an average price to make on land, but lots of farmers this year will not make that——

Mr. UNDERWOOD. You say you are in a business where you are only making $4 an acre on your land?

Mr. MCFADDIN. Lots of the farmers won't make that much.

Mr. UNDERWOOD. Is that the average?

Mr. McFaddin. Four dollars?

Mr. Underwood. Yes.

Mr. McFaddin. It has been up to the present time, on account of our lands being new and the prices being very good. Now, prices have gone down, and the lands have gone down, too.

Mr. Underwood. Is there not better agricultural business in Texas than raising rice at $4 an acre profit?

Mr. McFaddin. No, sir; there is nothing any better than that that I know of. It is very good, but it is a very risky business.

Mr. Underwood. Four dollars an acre is very good, you think?

Mr. McFaddin. Yes, sir.

Mr. Underwood. Do you not make a great deal more than that?

Mr. McFaddin. I mean this: Where a man goes and rents the land and buys the water. The majority of our rice farmers do not own a foot of land, and won't buy it.

Mr. Underwood. But my question is, How much do you make, not counting the rent of the land? What profits do you make on the land that go toward paying the interest on the investment?

Mr. McFaddin. Half of my farmers this year will make money and the other half won't. I can not tell you how much they will make——

Mr. Underwood. But, on an average, how much do you make?

Mr. McFaddin. From $4 to $5 an acre would be a big average for a farmer to make in my country.

Mr. Randell. How much of this rice that you class as brewer's rice do you produce in this country?

Mr. McFaddin. About 10 per cent of the 5,500,000 bags.

Mr. Randell. About 10 per cent?

Mr. McFaddin. Yes, sir. We can increase that by putting screenings in it.

Mr. Randell. How much is imported?

Mr. McFaddin. I don't know.

Mr. Randell. What other uses could you make of that rice?

Mr. McFaddin. None that I know of.

Mr. Randell. Could you use it for hog feed?

Mr. McFaddin. We could use it for hog feed at a cent and a half or 2 cents a pound, and we could not do that.

Mr. Randell. You say a half a cent a pound is what you want as the duty on it?

Mr. McFaddin. Yes; instead of a quarter. It is a quarter now.

Mr. Randell. In reference to your freight rates, have you tried to get any relief from the Interstate Commerce Commission?

Mr. McFaddin. My understanding is, this being a foreign rate made across the water, a through rate, that the Interstate Commerce Commission could not handle it.

Mr. Randell. You think you are at the mercy, then, of parties who contract abroad?

Mr. McFaddin. Yes.

Mr. Randell. And you say they can deliver cheaper from foreign countries to St. Louis, and go by rail from Galveston, than you can send your rice by rail from Galveston to St. Louis?

Mr. McFaddin. Yes; that is what I say.

The CHAIRMAN. Are there any further questions? If not, that closes the hearing on rice, and we will next take up the nursery stock.

(Mr. Breaux and Mr. McFaddin filed the following papers:)

BRIEF OF THE RICE ASSOCIATION OF AMERICA, REPRESENTED BY ITS PRESIDENT, S. LOCKE BREAUX, COVERING A MEMBERSHIP OF 1,234 MEMBERS, EVERY ONE OF WHOM IS A FARMER OR RAISER OF RICE.

The present protective tariff enjoyed by the rice industry of this country

Duty on rice.

[Taken from general tariff law now in operation, enacted by act of Congress July 24, 1897.]

Rice, broken, which will pass through a sieve, commercially known as No. 12 wire sieve, per pound ____ cents__	¼
Rice, cleaned ____ do____	2
Rice, flour and rice meal ____ do____	¼
Rice, ground or granulated ____ do____	¼
Rice, Hawaiian, broken ____	Free.
Rice, hull ashes, as unenumerated manufactured article ____ per cent__	10
Japan, as uncleaned ____ cents__	1¼
Rice, may be cleaned in bonded warehouse (act March 24, 1874, in force) ____ cents__	¾
Rice patne, per pound ____ do____	2

has made possible its development in the coastal territory of Louisiana and Texas, and its further development now along the Mississippi River in north Louisiana, and in the prairie belt of the State of Arkansas. Where twenty years ago were cattle ranges and open prairie lands, a wild and undeveloped territory, is to-day a section of farms, cities, and manufacturing enterprises, all of which have come about through the development of the rice industry.

There are estimated farm lands, 1,500,000 acres; of which 650,000 are in actual cultivation.

There are canal and pumping plants, 157; added to which are estimated 500 farms irrigated by wells; acreage, prior to tariff, none of record.

The Twelfth Census (vol. 6, part 2, 1899) gives us acreage, Louisiana, 201,685; Texas, 8,711; acreage of 1908, 655,600; rice mills, 74.

Added to this value is work, stock, implements, and improvements. Further, cities, of which Crowley, Gueydan, and Jennings are types in Louisiana, and Bay City, El Campo, Eagle Lake, Ganado, and Markham are types in Texas, these cities being exclusively rice towns.

The foregoing gives us an aggregate investment, due entirely to rice, of, say, $200,000,000. All directly dependent upon the culture of rice that brings to the farmer from $18,000,000 to $20,000,000 annually for his product, and in the turnover from the time that the product leaves farm until it gets to the consumer a further amount of $20,000,000 goes to the middle men—that is, the transportation lines, rice mills, jobbers, and distributers generally.

We contend that an industry so vast as this and contributing so largely to the material welfare—in a broad sense—applying to all sections of the country—that to ask the American agriculturist, and from him on up through the different variations of American labor

who handle rice, to ask them to put their industry on a basis where they will have to compete with the rice of the Asiatic countries is to invite and bring about annihilation of the industry.

It is a fact, as has been shown by the investigation of the Department of Agriculture, that the rice produced in British India and Burma is on a family basis—that is, there is no wage paid, and, after the needs of the family are taken out in rice, that whatever surplus there is is dumped on the market and sold for what it will bring.

It is a further matter of fact that in the matter of transportation foreign bottoms going to the Orient and returning either to the Continent or to this country will bring rice at an incredible rate of freight, putting it into our seaports at from 20 to 25 cents per 100 pounds.

(See Weekly Rice Report of date October 29, 1908, last item, showing freights, March–April, loading at 20 shillings per long ton of 2,240 pounds, which figures out about 22 cents.)

In contradistinction to this, it costs us to the Atlantic seaboard from our outports 30 to 40 cents per 100 pounds and to the Pacific coast 55 cents per 100 pounds.

In order that the committee may be advised as to the cost of raising rice in these United States, as against that of the Asiatic countries, we submit statements from various farmers throughout the belt showing in different sections what it costs to make rice.

We present these papers just as they come to us from the farmer, and, under average conditions, it will be observed that the total cost runs from \$21 to \$30 per acre.

We bring attention to the fact that labor to-day on farms gets \$1.50 average per workday as against \$1 per man ten years ago, not to mention increased cost of feedstuffs, mules, farming implements, etc.

As the average yield per acre, as per figures of the United States Government, is $30\frac{6}{10}$ bushels per acre for the past ten years, or 1,377 pounds per acre, the equivalent of $8\frac{1}{2}$ commercial barrels, and as the average prices for the past ten years is, say, \$3 per barrel, or \$25.50 per acre on plantation, one can see that the margin of profit is not any greater than it should be.

The foregoing premises considered, the rice interests of these United States of America pray and ask that the present tariff conditions, in so far as they affect rice, be not disturbed.

Respectfully submitted.

S. Locke Breaux *President*,
H. G. Chalkley, *Director*,
J. E. Broussard, *Director*,
P. S. Lovell,
Committee.

GUEYDAN, LA., *November 10, 1908.*

Mr. S. LOCKE BREAUX,
New Orleans, La.

DEAR SIR: I herewith hand you data of my rice farming since I began in 1899, viz:

Year.	Acres planted.	Average yield.	Cost per sack.	Price sold.
1899	200	10	$2.40	$3.00
1900	300	11	2.50	3.50
1901	350	9	2.50	3.75
1902	400	9	2.75	4.00
1903	400	11	2.25	2.75
1904	425	11	2.25	1.50
1905	350	10	2.60	3.00
1906	300	9	2.25	3.50
1907	275	8	2.40	3.50
1908	250	7	2.00	

I respectfully submit the above data.

W. D. SPENCER.

PORT ARTHUR, TEX., *November 14, 1908.*

Mr. S. LOCKE BREAUX,
New Orleans, La.

DEAR SIR: In compliance with your request for itemized statements showing cost of raising rice, we inclose herewith two statements, one from J. C. Reynolds estimating the cost at $29 per acre and one from T. W. Hughen estimating same at $24.68.

Yours, very truly, W. N. MCREYNOLDS.

PORT ARTHUR, TEX., *November 13, 1908.*

PORT ARTHUR RICE MILLING COMPANY,
City.

GENTLEMEN: Replying to yours of yesterday, the cost of growing rice, based on the average wages for men and teams paid the past seven years, will approximate about as follows:

Preparing the seed bed and seeding (exclusive of the seed)	$6.65
Seed, per acre	3.08
Harvesting and threshing, and levee man	11.20
Superintendence and repairs	3.00
Hauling crop to market	.75
	24.68

At the present rate of wages on public work—i. e., $5 for man, team, and wagon—these figures would be too low, but the above is about the average.

The land rent per acre in this vicinity is two sacks, or 360 pounds per acre.

The water rent is two sacks, or $6 per acre.

In the above I am giving an average, approximately. Some years, it is true, with favorable weather conditions, it is possible to plant

for less money, but we frequently have to replant; as, for instance, two years ago some fields were replanted as many as four times, and there is seldom a year that some replanting is not necessary.

Respectfully, yours,

THOS. W. HUGHEN.

PORT ARTHUR, TEX., *November 13, 1908.*

PORT ARTHUR RICE MILLING COMPANY,
Port Arthur, Tex.

GENTLEMEN: Replying to yours of 11th instant, asking me for estimate of actual cost of raising rice in this section, beg leave to hand you following figures, based on seven years' consecutive rice farming in Jefferson County, Tex.:

	Average.
Land rent, per acre, per year	$3.50
Building and maintaining levees, per year	1.00
Building and maintaining fences, per year	.10
Plowing, per acre, per year	2.50
Disking, per acre, per year	.50
Harrowing, per acre, per year	.50
Seeding, per acre, per year	.50
Seed, per acre, per year	2.50
Watering, per acre, per year	1.00
Water rent, per acre, per year	6.80
Cutting, per acre, per year	2.00
Shocking, per acre, per year	1.00
Thrashing, per acre, based on	4.00
Rough rice sacks, per acre, per year	1.00
Hauling to mill, 2 cents per mile, per sack, 10 sacks, 7½ miles	1.50
Depreciation on $1,500 investment, stock and implements, per acre	1.00
	29.40

Trusting that above, which are fair and reasonable estimates, may be of service, I am,

Very truly, yours,

J. C. REYNOLDS.

GUEYDAN, LA., *November 12, 1908.*

S. LOCKE BREAUX, Esq.,
New Orleans, La.

DEAR SIR: I was requested to submit an estimate of what it cost me to raise a sack of rice. Inclosed you should find same as taken from books. .

Land value, 160 acres, at $30 per acre	$4,800.00	
House, barn, and necessary fencing	1,500.00	
Irrigating plant, complete	3,000.00	
Permanent investment		$9,300.00
Interest at 8 per cent		794.00
Depreciation at 5 per cent		465.00
Insurance		15.00
Total real estate investment		10,620.00
6 horses or mules	$900.00	
Harness for above	90.00	
2 lumber wagons	120.00	

2 gang plows	$130.00	
2 disks	35.00	
1 drag harrow	14.00	
1 walking plow	14.00	
1 drill	75.00	
Total horses, tools, and machinery		$1,418.00
Interest at 8 per cent	113.00	
Depreciation at 10 per cent	141.80	
		255.24
		1,673.24
Seed per acre, at $5 per sack, two-fifths sack	2.00	
Feed per mule (6), 1 gallon per feed, $90.90 per year	545.40	
2 men, at $30 per month each	720.00	
Irrigating rice, at $2.75 per acre	440.00	
Empty sacks, at 9½ cents per sack, 1,440 sacks	144.40	
Twine, 3 pounds per acre, at 10 cents, 160 acres	48.00	
Thrashing 1,440 sacks, at 30 cents per sack	432.00	
Hauling 1,440 sacks rice, at 5 cents each	72.00	
Insurance and warehousing	80.00	
		2,483.80

Summary of cost of raising 1 sack of rice on a 9-sack average per acre.

Interest on permanent investment at 8 per cent	$850.32	
Interest on capital invested in machinery and mules	133.85	
Amount paid for labor, seeds, twine, and thrashing	2,483.80	
		$3,467.97
Cost of raising 1 acre of rice		21.67
Cost of raising 1 sack of rice on an average yield of 9 sacks per acre		2.40

Respectfully, yours,

WORTHY QUEREAU.

PIERCE, TEX., *November 13, 1908.*

MR. S. LOCKE BREAUX,
New Orleans, La.

MY DEAR SIR: Replying to your favor of 10th instant, regarding the cost of making a rice crop or crops, I beg to give you the following, which, as you are fully aware, is compiled from a thorough system of bookkeeping. Some eight years ago I planted the first crop in this section, close to the town of Bay City. From that year until the present time I have increased my acreage, until at present I have in about 4,000 acres. Taking as a guide the past four years and on a land valuation of $40 per acre, which is conservative seeing that land is changing hands round here at from $40 to $50 cash, I hand you the undermentioned figures which I hope will be of service to you:

	Per acre.
Interest at 8 per cent on $40 land	$3.20
Cost of breaking land	2.00
Cost of preparing and seeding	2.00
Cost of seed	1.50
Cost of water rent	6.00
Cost of levee hand	1.00
Cost of cutting	2.00
Cost of shocking	.75
Cost of twine	.25
Cost of sacks	1.00
Cost of thrashing	3.50
Cost of hauling	1.00
Cost of warehouse rent for one month	.55
	24.75

The land during the past four years has averaged barely 9 sacks to the acre per annum, the average having been cut down by the loss of last year's crop. Owing to bad harvest weather last year we only made 5 sacks per acre. Of course I think it quite probable that a man will lose one crop in four, owing to bad weather, storms, etc., and I count myself lucky in not having more rice.

In the last four years I have disposed of my crop at prices varying from \$2 to \$4 per barrel, but in every case I have had to hold my rice for several months before I got my price. My selling price, less warehouse charges, for four years averages \$3.20. Roughly speaking, the profits have been \$4 per acre per annum, and, with the interest on land, which in my case is a revenue, leaves an income of about \$7.20 per acre. I have just completed a large pumping plant to water about 10,000 acres of my own land, but, to be candid with you, if the tariff is in any way reduced I will never turn a wheel.

Yours, very truly,

A. P. Borden.

Statement of cost of cultivating 1,156 acres of land in rice for year 1908. Land has been in cultivation two years.

Land rent (1,500 acres in all)	\$2,600.00
Water rent	6,936.00
Wear and tear on equipment	3,000.00
Interest on money invested	1,600.00
Labor	4,781.96
Seed	2,000.00
Feed	3,457.40
Repairs and additional equipment	2,162.87
Hauling	1,170.47
Marketing and warehouse expenses	250.00
Twine	250.00
Insurance	444.30
Sacks	860.00
Fuel	150.00
Sundries	76.57
Superintendents	1,000.00
Total	30,739.57

Sacks harvested, 8,500.

Irby, Smith & Ives,
Per B. Irby.

Statement of cost of operating my farm of 200 acres, figured on basis of 8-sack yield.

Plowing 200 acres, at \$1.25	\$250
Disking and planting, at \$2.50	500
Seed, 80 sacks, at \$6	480
Cutting and shocking, at \$1.50	300
600 pounds twine, at 10 cents	60
1,600 sacks, at 10 cents	160
Pumping and coal	500
Engineer	150
2 levee men at \$1.25 for ninety days	225
Thrashing, at 30 cents per sack	480
Hauling rice to point of shipment	240
Keeping harness and implements in repair, etc	400
	3,745

Collateral to above I have an investment, on which I have not figured interest, as follows:

10 mules, valued at $125	$1,250
Separator and engine	2,900
Pump and implements	800
	4,950

Does not own land.

GEORGE ROBBINS, *Gueydan, La.*

Statement, cost of operating my farm of 120 acres, based on 8-sack yield.

Labor preparing and seeding land, also labor through harvest	$550
Feed	480
Seed, 48 sacks, at $6	288
Twine	40
Sacks	96
Thrashing	288
Hauling to market	135
	1,877
My rice is irrigated by canal company at a cost of one-fifth of crop, or an estimated cost in dollars and cents of	550
	2,427
Investment:	
Land	6,000
5 mules, at $150	750
Implements	345
	7,095

Owns his land.

J. P. HEARD,
Gueydan, La.

Estimate of cost of producing rice, crop based on 10-sack yield, on 1,000 acres of land, situated on Beaumont irrigating canal, in Jefferson County, Tex., farmed by J. C. Chaney for five years.

Plowing, at $1.50 per acre	$1,500
Harrowing, at $1 per acre	1,000
Planting	750
Fertilizer	1,000
Seed	2,250
Irrigating and levee repair work	500
Binder twine	350
Harvesting and shocking	2,000
Thrashing	2,750
Sacks	1,000
Hauling to warehouse on railroad	1,000
Storage and insurance	800
Irrigation	6,000
Wear and tear on farm equipment	2,000
Interest on investment in land	3,000
Interest on investment on farm equipment	1,000
Superintendent	1,000
	27,900

These figures are based on actual experience of five years and on the investment of $7,500 in land and $12,000 on farm equipment, it being necessary to own 1,500 acres in order to farm continuously an average of 1,000.

JOHN C. CHANEY.

GUEYDAN, LA., *November 12, 1908.*

Mr. S. LOCKE BREAUX,
New Orleans, La.

DEAR SIR: As requested by Mr. Mattingly, herewith inclose you my estimate of the cost of producing one sack of rice.

Yours, truly,

J. N. FONTZ, *Gueydan, La.*

The cost of producing one sack of rice raised and delivered to railroad station within 5 miles of shipping place, based on an average of 10 bags per acre on 100 acres.

Cost of team and harness and 4 mules	$650.00
Cost of 1 plow	65.00
Cost of 1 disk harrow	40.00
Cost of 1 drag harrow	18.00
Cost of 1 drill	85.00
Cost of 1 wagon	60.00
Cost of 1 binder	180.00
Cost of 1 land roller	20.00
Cost of 1 levee pusher	15.00
	1,133.00
Interest on investment, at 8 per cent	90.64
Feed for team one year	400.00
1 hired man and board	340.00
For plowing 100 acres	125.00
To prepare and plant and levee	200.00
Seed for planting	150.00
To cut and shock	225.00
Twine	30.00
Bags	90.00
Thashing and delivering	300.00
Sundries	50.00
For watering crop	500.00
Expense of 1,000 bags	2,500.64
Expense of 1 bag	+2.50

J. N. FOUTZ, *Gueydan, La.*

WELSH, LA., *November 14, 1908.*

H. G. CHALKLEY,
Lake Charles, La.

DEAR SIR: I am very glad to know that you are to be one of the committee to go to Washington and appear before the Committee on Ways and Means, and make a showing why the present tariff on our staple crop—rice—should not be reduced in the proposed new tariff bill. Your position as manager of large canal interests, as well as land interests, especially qualify you to act in this matter, and I sincerely hope for your success.

In reference to the expense of making a rice crop, I herewith give a detailed statement of such expense, and from an experience of twenty years in rice farming, both on canal and well irrigating, feel that it is conservative in every item.

	Per acre.
Cost of plowing	$1.25
Cost of preparing the land for seeding	1.50
Cost of seeding, on basis of $4.50 per barrel for seed	2.25
Cost of drilling and dragging	1.00
Cost of fertilizer	1.00
Cost of cutting	1.50
Cost of shocking	.60
Cost of twine	.50
Machine hire for thrashing	.80
Labor for thrashing	3.20
Sacks for thrashing	.80
Hauling rice to warehouse	1.20
Warehouse charges	.80
Irrigating, average either well or canal	5.00
	21.40

The average yield per acre in this locality will not exceed 7½ bags per acre.

Very truly, L. E. ROBINSON.

We, the undersigned rice farmers of Welsh, most of us with long personal experience in growing rice, have carefully read the above statement as to the cost of making a crop of rice, and certify that it is conservative and well within the actual cost of making a crop, with many instances and seasons when the expense is much above.

G. W. PATTERSON (300 acres).
PATTERSON BROS. (300 acres),
Per E. R. PATTERSON, *Manager.*
PAUL W. DANIELS (1,200 acres).
E. M. CLARK (5,000 acres).
A. F. DAY (300 acres).
W. T. HUTCHISON (1,500 acres).
F. A. ARCENAUX (900 acres).
H. E. WESSON.
A. T. JONES (500 acres).
G. M. HAMMIL (200 acres).

Cost of raising an acre of rice in Calcasieu Parish, La.

Seed rice, 80 pounds, at 3¼ cents per pound	$2.60
Plowing land	1.25
Disking, harrowing, and planting	2.00
Fertilizer	1.00
Repairs to levees and ditching	.50
Removing weeds and grass	.50
Flooding and attendance	5.00
Cutting, shocking, and twine	2.50
Threshing, basis of 9 sacks per acre, 30 cents	2.70
Sacking (empty sacks), at 10 cents per sack	.90
Hauling to warehouse, basis 9 sacks, at 12 cents per sack	1.08
Warehouse charges and insurance, 1 month	.45
	20.48

NOTE.—Seeding on a considerable per cent has often to be repeated. Some planters replow land.

When reseeding has to be done add $1.25 per acre for disking, harrowing, and planting, and for seed add $2.60 per acre; total, $3.85.

Interest and depreciation as tabulated below.

Average cost of a modern 10-inch well, with pit, pump, and belt		$2,000
Engine and boiler, 40 horsepower, with fittings to run same and flood 200 acres		1,200
Total		3,200
Interest on above investment, at 6 per cent	$192.00	
Deterioration on well and pump (natural life three or four years), 25 per cent per annum	500.00	
Deterioration and repairs on engine and boiler, belting, and fittings, 12 per cent	144.00	
Interest on 220 acres of land (20 acres being used for farmyard and garden and pasture), at $30 per acre, at 6 per cent	396.00	
Interest on value of 8 mules, at $1,400, at 6 per cent	84.00	
Deterioration and loss from disease, 20 per cent per annum	280.00	

Implements and tools.

2 gang plows, at $65	$130		
2 disks, at $32 each	64		
2 harrows, at $20 each	40		
1 roller	40		
3 wagons, at $60	180		
1 binder	175		
Miscellaneous tools	75		
4 sets double harness, at $30	120		
	824		
Interest on above investment, at 6 per cent		44.44	
Deterioration, 25 per cent per annum		206.00	
Divided by 200 acres		1,851.44 making	$9.20
Total cost of raising an acre of rice			29.68

Natural life of a binder cutting rice in mud, three to four years, and repairs very heavy, canvas, costing per set $13.25, usually having to be renewed twice in a season.

Natural life of a gang plow, four years, and a heavy repair bill.

LAKE CHARLES, LA., *November 16, 1908.*

Mr. S. LOCKE BREAUX,
President Rice Association of America,
New Orleans, La.

DEAR SIR: Answering your favor of November 13, relative to the cost of raising rice in southwest Louisiana, I send you the following, taken from our books, covering a period for the past five years:

The raising of rice in southwest Louisiana is carried on on flat prairie lands, which are located in such a way that it is necessary to raise the water for irrigating the rice in the case of streams from 12 to 30 feet. The outlay in the way of machinery for pumping the water on to the rice and also for constructing the necessary canals, etc., is very heavy.

The writer has had charge of irrigating rice farms and the operation of rice canals since 1896, and at the present time is in charge of three irrigating canals, which, during the present year, irrigated over 13,000 acres.

In one case the water is raised 12 feet, in another it is raised 14 feet, and in the third case the water is raised first 16 feet, a second time 8 feet, and a third time 5 feet. This last case necessitates three different pumping plants.

The actual cost, leaving out the interest on investment, for watering an acre of land during the past year has been $2, $2.55, and $3.30 per acre.

In the case where the water is lifted three times, this canal has a capacity for irrigating 10,000 acres, and the cost of machinery, irrigating ditches, rights of way, buildings, etc., was $213,786, making an initial outlay of about $21.37 per acre.

In the case of the 14-foot lift canal, which has a capacity for irrigating 9,000 acres, the cost of machinery, etc., was $100,000, or a little over $11 per acre.

In the case of the 12-foot lift, which has a capacity of 4,000 acres, the cost of canals, etc., was just under $40,000, or $10 per acre.

A large amount of rice is irrigated in this section from deep wells, and the writer has had charge of one well farm, including the entire farming and watering operations.

This farm has averaged for three years on the 100 acres irrigated as follows:

Labor, putting in crop, pumping water from the well, seed fertilizer, fuel, and all harvesting costs, $2,058.27.

The capital invested, including land at $10 per acre, also the cost of well, engine pump, farm building, fences, etc., was $5,075.73.

Interest on this amount at 10 per cent is $507.57. This added to the cost of labor, mentioned above, makes a total cost for one year of $2,565.84.

The average yield for three years on this farm was 791 sacks of rice per year, which averaged $3,254.06 a year, which, after deducting cost of labor mentioned above, leaves a profit of $488.22.

Taking the average cost of farms farmed during the past five years by the North American Land and Timber Company, of Lake Charles, amounting in the aggregate to over some 5,000 acres, it is found that the cost is as follows:

Plowing land, per acre	$2.00
Disking and harrowing, per acre	.75
Seeding and rolling and seed, per acre	2.50
Looking after water and crop 90 days in summer, per acre	1.80
Cutting and shocking, per acre	2.00
Thrashing, sacks, and hauling to warehouse, per acre	4.00
Cost of loading rough rice on the cars, insurance, storage, and warehouse, per acre	.75
Cost to the farmer for water, per acre, about	5.50
Interest on mules, farming machinery, and land, per acre	4.00
Fertilizer	1.00
Total	24.30

I remain,

Very truly, yours,

H. G. CHALKLEY,
Manager.

BEAUMONT, TEX., *November 16, 1908.*

Hon. JNO. CHANEY,
Beaumont, Tex.

DEAR SIR: Conforming with your request, I inclose you itemized list of expenses incident to growing rice crop of 300 acres on my farm, as follows:

Plowing	$450
Preparing land for seed	600
Seed	750
Seeding	300
Irrigating (fuel and labor)	660
Repairs on plant	75
Harvesting	750
Sacks	270
Threshing	750
Hauling to boat and boating to cars	405
Wear and tear on machinery and stock, 10 per cent	665
Extra labor during flooding	300
Interest on investment, land and equipment	1,600
Total	7,575

Hoping the above will be of service to you and if at any time the undersigned can be of any service to you, call on

Yours, truly, WM. NOURIE.

BEAUMONT, TEX., *November 16, 1908.*

Estimate of cost of raising and harvesting 100 acres of rice:

Plowing	$200
Disking and harrowing	200
Fertilizer	100
Seed	200
Watering during flooding season	75
Cutting and shocking	250
Twine	36
Threshing and sacks	450
Water	600
Interest on land at value $40 per acre	320
Hauling to railroad, 3-mile average	125
Wear and tear to equipment	100
Interest on money invested, equipment, and money to put crop in with	200
Total	2,856

AKERS & GARNER.

AMELIA, TEX., *November 15, 1908.*

Mr. J. C. CHANEY,
President Rice Farmers' Association.

DEAR SIR: Following is the estimate of expenses of raising a crop of 300 acres of rice at a ten-sack average:

Plowing	$450
Harrowing	300
Seeding	750
Levying	300
Water rent	1,800
Land rent	900

Twine	$90
Sacks	300
Harvesting	750
Thrashing	750
Hauling, storage, and insurance	600
Wear of machinery	300
Foreman	1,000
Total	8,290

'(One-half of land is owned by Mr. Gallier.)

Yours, truly, R. W. GALLIER.

Cost of producing rice on 400 acres, with average production of 10 sacks per acre, for the past three years, on the Neches Canal, in Jefferson County, Tex.

Plowing 400 acres, at $1.75 per acre	$700
Harrowing and preparing ground, at $1 per acre	400
Planting, at 50 cents per acre	200
Fertilizing ground, at $1 per acre	400
Seed, at $2 per acre	800
Irrigating and repair work	200
Binder twine	120
Harvesting and shocking	800
Sacks, 4,000, at 10 cents each	400
Thrashing of 4,000 sacks, at 30 cents per sack	1,200
Hauling to warehouses on farm	200
Hauling to warehouses at China, Tex	500
Storage and insurance	800
Irrigation, at $6 per acre	2,400
Interest on investment in land	1,600
Interest on farming equipment	500
Total cost	11,200

The above figures are based on actual farming done by C. O. Thompson on $25 land owned and leased by him in Jefferson County, Tex., the farm consisting of 800 acres, one-half being farmed each

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NEDERLAND, TEX., *November 15, 1908.*

S. LOCKE BREAUX,
New Orleans, La.

DEAR SIR: As per your request I herewith inclose my estimate of the cost of raising rice in this State. Taking my books for the last ten years, this is just as near as I can get to the average cost of producing 1 acre of rice. This estimate is made on a 10-sack per acre crop, which, you know, is a high average. I do not make allowance for reseeding in case the first planting doesn't come. I assure you that us farmers share with you the worry over the present demoralized condition of the rice market. I have raised a very large crop and have never had an offer yet that would leave me a profit on my crop, so I haven't sold a barrel.

Hoping that the inclosed statement will be of some benefit to you in promoting the rice industry, I remain,

Yours, truly, J. B. PEEK.

Average cost of producing 1 acre of rice, based on a 10-sack average.

Plowing, preparing, and seeding	$3.00
Fertilizer	1.00
Seed	2.50
Irrigation and levee repair work	.25
Binder twine	.40
Harvest and shocking	2.00
Thrashing	3.50
Rice sacks	1.00
Hauling to warehouse	1.00
Storage and insurance	.75
Irrigation	6.00
Wear and tear on teams and tools	2.00
Interest on investment, at 8 per cent (teams and tools)	.80
Interest on investment in land	3.00
Superintending	.75
Total	27.95

Average cost per barrel, allowing 10-barrel average, $2.95.

HOUSTON, TEX., *November 15, 1908.*

RICE IRRIGATION ASSOCIATION,
Houston, Tex.

GENTLEMEN: I herewith hand you estimated cost of production, also investment, as they concern the farmers and the canal companies of Texas. The figures are estimates gathered from careful investigation.

Cost of production to farmer on three-fifths share to farm 120 acres rice.

Investment:		
6 head stock, at $190	$1,140	
Implements, wagon	500	
		$1,640
Annual expenses:		
Plowing, per acre	2.00	
Disking, per acre	1.00	
Planting, per acre	1.00	
Seed, per acre	2.50	
Watering, season, per acre	1.25	
Cutting, shocking, thrashing, and warehousing, per acre	8.00	
Depreciation:		
Stock, 20 per cent	2.50	
Implements, 30 per cent	1.25	
		19.50
Credit by outside work with teams, about $120 per annum, or $1 per acre		1.00
Net cost per acre		18.50

The prices farmer must get on yields of 6, 8, and 10 sacks per acre to pay expenses (farmer renting gets three-fifths crop): On total yield of 6 sacks his share is 3.6, at a cost per sack of $5.14. On total yield of 8 sacks his share is 4.8, at a cost per sack of $3.87. On total yield of 10 sacks his share is 6, at a cost per sack of $3.08. Average yield is about 8 sacks. Farmer's investment, $13.50 per acre.

Cost of production to canal company (watering for one-fifth crop).

	Per acre.
Fuel	$0.80
Office management and superintendence	.75
Labor, plant, fields, warehouses	1.45
Maintenance and repairs and depreciation	1.50
Ten per cent interest on investment	1.65
Total	6.15

Price company must get on one-fifth crop: Total yield, 6 sacks; company's share, 1.2; cost to produce, $5.12 per sack. Total yield, 8 sacks; company's share, 1.6; cost to produce, $3.84 per sack. Total yield, 10 sacks; company's share, 2; cost to produce, $3.07 per sack.

Canal company investment permanent. Average amount of investment by canal company, per acre, about $16.50.

Investment in rice business (278,000 acres in rice in 1908):

278,000 acres, at $30	$8,300,000
Canal investment, at $16.50 per acre	4,787,000
Farmers' investment, at $13.50 per acre	3,753,000

Yours, truly,

BURT H. COLLINS.

CROWLEY, LA., *November 12, 1908.*

Mr. S. LOCKE BREAUX,
President Rice Association of America, New Orleans, La.

DEAR SIR: Replying to your inquiry of November 11, as to the membership of the Rice Association of America, the books of the association show 1,234 members.

Very truly, yours, FRANK RANDOLPH, *Secretary.*

The CHAIRMAN. We will next take up nursery stock. We will hear Mr. Outerbridge.

STATEMENT OF T. J. OUTERBRIDGE, REPRESENTING HENRY & LEE, OF NEW YORK.

Mr. OUTERBRIDGE. Mr. Chairman, and members of the committee, I will not take very long.

Appearing before you in behalf of the gentlemen I represent, I shall, as briefly as possible, draw your attention to section 251 of Schedule G, relative to tariff revision, as touching all classes of bulbs and bulbous roots, which are cultivated for their flowers, whether imported from Japan, China, Bermuda, France, Holland, or Germany, which are the principal markets of production, and from which sources of supply are derived the majority of bulbs that now enter the United States for consumption and for the production of blooms or flowers for decorative purposes.

First. Lily bulbs and their product may be correctly termed as an article of luxury to a greater or lesser degree, and as such, in our opinion, should pay a duty of from 25 to 30 per cent ad valorem, which amount enters to such a small degree in the price of the flowers to the consumer as to be hardly noticeable.

Second. The business in lily bulbs is largely done by solicitation of orders from seedsmen and florists for a period of the first six months of the year, or from January to June, at which time advance

orders are booked and orders placed abroad for the supply, which is imported into the United States and entered for consumption from about June to December.

Third. With a protective tariff of 25 to 30 per cent it is our opinion that the interests of the people engaged in this trade are better protected, inasmuch as such a duty will serve as a means of protecting the importers and the purchasers of the bulbs, and the florists who force the bulbs into bloom, from the likelihood of detrimental consignments of cheap and inferior bulbs being thrown upon this market, at or near the close of the season, and so interfere with the sale of the higher qualities brought into the country under advance import orders.

We therefore respectfully request that the committee either retain the present tariff of 25 per cent ad valorem on all grades and varieties of lily bulbs, or if there is to be any change in the tariff that the rate be increased to a 30 per cent ad valorem rate, as is at present assessed on all agricultural and garden seeds.

The CHAIRMAN. Do you know how much the domestic production is?

Mr. OUTERBRIDGE. The domestic production of bulbs? There are none of these raised in the United States.

The CHAIRMAN. In dollars.

Mr. OUTERBRIDGE. I can not tell you.

The CHAIRMAN. Do you know the figures according to the census?

Mr. OUTERBRIDGE. No; I am not prepared to state that.

The CHAIRMAN. Do you ask for an increase of the duty?

Mr. OUTERBRIDGE. A continuance of the present duty at any rate. The reason for that is to prevent the sending into this country of the residuum of this stock, any sort of stock coming in.

The CHAIRMAN. Is not this paragraph more than protective on some of the articles?

Mr. OUTERBRIDGE. On what?

The CHAIRMAN. Is not this duty higher than the protective rate on some of the articles imported here?

Mr. OUTERBRIDGE. It may be higher than some, but the idea of the tariff on this is to keep out of the country the goods that are not salable, not true to name, mixed in any sort—those they can not sell abroad they will send in here if the duty is lower. That is the reason for asking a continuance of the duty.

Mr. CLARK. You do not mean to say that none of these things named in section 251 are produced in the United States, do you?

Mr. OUTERBRIDGE. No, sir. I had reference to the bulbs imported from the places named. The bulbs imported from Japan are Longiflorum, Auratum, Speciosum; those imported from Bermuda are the Harrisii and Longiflorum; those imported from Holland are lilies and different varieties of hyacinths, tulips, and narcissus. From France there is imported Roman hyacinths and narcissus, from Germany lily of the valley, and from China Chinese narcissus. They are things that are produced solely in those places for bulb purposes. Here we produce them to produce the flowers.

Mr. DALZELL. What is it you are asking an increase on?

Mr. OUTERBRIDGE. We are asking for a continuation of the duty, and if you wish to raise it to 30 per cent, 5 per cent more——

Mr. DALZELL. On all the articles?

Mr. OUTERBRIDGE. Oh, no, sir; only on these bulbs and bulbous roots.

Mr. DALZELL. This covers orchids and azalias and hyacinths. You do not ask for an increase in duty on those?

Mr. OUTERBRIDGE. The increase is asked on plants coming from the places named.

Mr. CLARK. Congress can not pass a law simply putting a duty on articles coming from certain countries.

Mr. OUTERBRIDGE. Probably I did not express myself very plainly.

Mr. DALZELL. I understand now that all you are asking for is an increase on bulbs and bulbous roots that come from certain places, and the character of those bulbs and roots would indicate the place they come from. Is that your position?

Mr. OUTERBRIDGE. That is correct, sir.

The CHAIRMAN. Is that what you are asking an increase on, or is it on rose plants also?

Mr. OUTERBRIDGE. On the bulbs and the bulbous roots.

Mr. FORDNEY. Have you a list of the bulbs that you want an increase of duty on?

Mr. OUTERBRIDGE. Yes; I have stated that.

STATEMENT OF MR. WILLIAM PITKIN, OF ROCHESTER, N. Y., REPRESENTING THE AMERICAN ASSOCIATION OF NURSERYMEN.

Mr. PITKIN. Mr. Chairman and gentlemen, appreciating your desire to economize time, we have left out of our statement figures in detail applying to costs, valuation, and volume of imports, trusting that we might be permitted to present a brief in which that information in detail will be given.

The CHAIRMAN. It can be printed at any time before the 4th of December.

Mr. PITKIN. If that is the case, I can say you can ring the bell on me in twelve minutes.

The committee for which I am speaking represents the American Association of Nurserymen, which embraces in its membership the nursery interests of the entire country.

Under the present tariff schedule nurserymen are interested in sections Nos. 251 and 252. Section 251 covers certain specified items of plants and Dutch bulbs at 25 per cent ad valorem duty. We ask that the following items be placed in the free list, for the reason that they are not propagated in this country and we must depend on foreign countries for our supply, viz: Rhododendrons, azealeas, tulips, crocus, hyacinth, narcissi, jonquils, lilies, lily of the valley.

Section 252 provides for a mixed ad valorem and specific duty on certain fruit-tree and evergreen seedlings, for a specific duty on rose plants, and for an ad valorem duty on items not specially provided for.

For the purpose of our argument, we wish to divide this section into three paragraphs, to be considered separately, and to ask for the insertion or addition of a new paragraph removing certain items from the class "not specially provided for," and establishing a specific duty on such items.

(a) We ask that the schedule be changed on the items of fruit and evergreen seedlings, to provide for a straight specific duty instead of the present mixed specific and ad valorem rate; that the evergreen seedlings, as well as fruit-tree seedlings, be covered by the qualification of "three years old or less."

We ask that the duty on myrabolan, mahaleb, and mazzard seedlings be $1 per thousand plants instead of, as at present, 50 cents per thousand plants and 15 per cent ad valorem; and on pear, apple, quince, and St. Julien plum, $2 per thousand plants instead of, as at present, $1 per thousand plants and 15 per cent ad valorem.

By reference to the quotations in the catalogues of French nurserymen from the three principal French nursery sections, we find that the proposed change means practically no difference in the actual dollars of duties paid, but simply a change in form. For details of valuations and costs supporting this argument we will refer to our brief to be filed with your committee.

Now, for the reasons we are asking this change:

These seedlings are principally grown in France. They are a one-year crop, like corn and potatoes, affected by weather and climatic conditions, and therefore subject to quick and violent fluctuations in prices. At least 85 per cent of the quantities imported are contracted for from three to nine months in advance of the actual delivery in January and February, at which time the seedlings are dormant and in proper condition for shipment.

Under the tariff law the market value at port of export at time of export must govern the value on which duty is paid; and in this case this market value is controlled by the 10 or 15 per cent of the crop which may be unsold at the beginning of the shipping season. If the demand is heavy or the crop short by reason of a poor growing season, the prices go up. If, on the contrary, a favorable season has produced a surplus, the prices go down. In other words, it is not a stable, steady market. Therefore it is difficult for the nurseryman, who is the importer and who has bought early in the season, to arrive at a correct valuation for the purpose of his custom-house entry.

If he guesses too low and his valuations are below those fixed by the Board of General Appraisers, to whose schedule he does not have access, he becomes subject to heavy penalties and fines, although his valuations may be according to his best judgment and much higher than his actual purchase prices.

If valuations at time of export are lower than his costs, he receives no benefit, as his entry must then be made at the higher or cost price.

The present schedule means instability and fluctuations in cost to the nurseryman. The suggested change means stability and practically no change in the actual dollars of duty paid.

As nurserymen must wait three, four, five, or more years after planting before maturing and disposing of their crops, it will be conceded that stability in this matter is vitally important. A specific duty will also tend to lessen the importation and planting of seedlings of inferior size and quality, which in most nursery sections of the United States will not produce strong, healthy, vigorous trees, and against which the present ad valorem rate counts for nothing, and which, if met with a specific duty, would be forced to find a market in other countries.

Previous to the passage of the present tariff law very few of these fruit-tree seedlings were grown in this country. To-day at least 90 per cent of all the apple seedlings planted are grown here, with smaller proportions of the other items.

(*b*) On rose plants, budded, grafted, or grown on their own roots, the present rate of duty is 2½ cents each. We ask that this rate be increased to 4 cents each.

For the reasons: When the present tariff act was passed nurserymen were paying for labor from $1 to $1.50 per day of ten hours. We are now paying from $1.50 to $2 per day for the same labor.

In France and Holland, from whence roses and other finished nursery stock are principally imported, there has been no material increase in wages during the past ten years. Their average price for nursery labor better skilled than ours is 40 cents to 60 cents per day of eleven hours for men and from 30 cents to 50 cents per day for women, as against $1.50 to $2 for ten hours' work in the nurseries of the United States.

When it is realized that a large proportion of the cost of a rose plant is labor it will be conceded that 4 cents gives us but little more protection than 2½ cents when the present tariff bill was passed.

The soil, climate, and moisture conditions of Holland are particularly adapted to turning out rose plants quickly, and the Hollander grows 80,000 to 90,000 plants to the acre. Here we grow 18,000 to 20,000.

He produces large roses, but the growth is forced. The wood is soft and pithy and the plants will not succeed and do well in our drier, colder climate, seldom surviving over a year. The public does not know this and buys the plants because they are cheap. Thus are our prices fixed in Holland. The additional duty will help to control the situation.

Mr. Clark. How do we come to be importing them? Can we *not* make them grow over here?

Mr. Pitkin. We would like to.

Mr. Clark. What is the reason for importing them?

Mr. Pitkin. I learned yesterday that Germany had established a prohibitive tariff on roses and other plants—a tariff so high that it shut out the Holland stuff from Germany.

The Chairman. What is the German rate.

Mr. Pitkin. I don't know.

Mr. Clark. There isn't any one thing that has grown more in the United States in the last twenty years than the consumption of fruit, is there?

Mr. Pitkin. I think that is a safe conclusion.

Mr. Clark. And the nursery business has grown with it?

Mr. Pitkin. Yes.

Mr. Clark. What I can not understand is why they import these apple slips and buds and plums and so on from Europe at all.

Mr. Pitkin. I was going to tell you about the roses. The Holland people grow these roses in large quantities by cheap labor. They seek a market in this country. The thing we are trying to prevent is their practice in sending over here in the early spring and during the winter large quantities of their surplus roses, for which they have not been able to find a market.

Mr. Dalzell. What kind of roses?

Mr. PITKIN. Their hybrid, perpetual roses, outdoor roses. They send them over here and they are auctioned off, or lumped off, any way to get rid of them. I don't know how they can afford to do it, but they do it. You can buy in the department stores here sometimes three or four plants for a quarter. We can not afford to sell them at that price.

Mr. CLARK. Our nurserymen have become just as expert in budding and grafting as the French or Hollanders, have they not?

Mr. PITKIN. I do not think the average nursery laborer in this country is as expert as the Hollander or the Frenchman, for this reason: Agricultural labor, as you know, is the poorest paid of any labor in the country.

Mr. CLARK. Yes; I suppose it is.

Mr. PITKIN. The nursery labor is on a line with agricultural labor; we are farmers, that is about all we are.

Mr. CLARK. That is true probably of a great deal of the nursery labor, but the men that do this budding and grafting, working inside the house, are better paid, are they not?

Mr. PITKIN. The budding is not done inside.

Mr. CLARK. The grafting is done inside, is it not?

Mr. PITKIN. Yes, sir.

Mr. CLARK. That is expert labor, is it not?

Mr. PITKIN. Oh, we can teach a man to bud and graft in a very short time.

Mr. CLARK. But a man working at budding or grafting would get more pay than a man plowing corn, would he not?

Mr. PITKIN. Yes, sir.

Mr. CLARK. One other question. Have not the American nurserymen built up a large export trade?

Mr. PITKIN. In trees and plants?

Mr. CLARK. Yes, sir.

Mr. PITKIN. Not that I know of.

Mr. CLARK. Do they not ship them to Australia and Japan?

Mr. PITKIN. Yes; but I do not think it is a large trade.

Mr. CLARK. The reason I ask you about it is that there is a very large nursery in my county, and I understood them to tell me that they had been shipping to Japan and Australia.

Mr. PITKIN. I presume they have, but not in any large volume, according to my knowledge.

If the present duty on roses is removed the rose growers in this country would quickly be driven out of business. The Hollanders would naturally increase their prices by the amount of the duty, anyway, and the American rose buyer would not get any benefit.

We also ask for the insertion of a new paragraph after the item covering rose plants, as follows:

Conifera, two feet or more in height, transplanted stock, fifteen cents per foot or fraction thereof.

Deciduous shrubs, two feet high or more, transplanted, peonies and clematis, five cents per plant.

Deciduous trees, three-fourths inch in diameter and over, measured twelve inches above the ground, five cents per one-fourth inch diameter or fraction thereof.

I might say that those items are now in the list not specially provided for, at the ad valorem rate of 25 per cent. This makes a spe-

cific rate in some cases, and in other cases a decrease. I do not think it would make a great deal of difference in the net average result.

The reasons for this request are our increased labor cost during the past ten years and the difference between labor costs in this country and abroad, as previously explained.

The nursery interests are largely employers of laboring men. A very large proportion of the cost of trees and plants is made up by our labor pay roll.

Mr. CLARK. One question more. How did they come to put the St. Julian plum by name into that section 250?

Mr. PITKIN. It is a class of plum seedlings that at present I think are very little used—very few of them imported.

Mr. CLARK. But the question is——

Mr. PITKIN. I could not answer that.

Mr. CLARK (continuing). How they came to put that plum by name in section 252; what was the sense in singling out that particular plum?

Mr. PITKIN. I think for the reason that another class of plum is in the same section, but at a lower rate of duty.

STATEMENT OF ALBERT H. WASHBURN.

Mr. WASHBURN. I shall ask the indulgence of the committee for a few moments only.

I appear for certain confectionery manufacturers and importers of nuts who desire an import rate of duty and who think that that can best be accomplished by the substitution of ad valorem for the present specific rate.

They have set forth their views in a memorandum which I shall pass up to the clerk, and I shall content myself with a brief reference to the two reasons upon which the request is founded.

First, under a present specific scale of duties imposed by paragraph 269 and the following paragraphs, importers pay not only for the nuts themselves, but they also pay for the dirt and impurities which those nuts contain. That has been a subject of some litigation, as I take it this committee is aware, and it seems to these people more equitable to have an ad valorem duty substituted. They would then, of course, pay a duty based upon the value of the nuts without reference to the worthless material which those nuts contain.

Secondly, they say if reasonable ad valorem duties were imposed the work of sorting and cracking and putting up nuts in boxes would be done in this country, whereas now it is largely done abroad. I mean by that, as this committee is no doubt aware, that the specific rates on unshelled nuts, if expressed in ad valorem terms, is much higher than the specific rates on shelled nuts expressed in ad valorem terms. The result is that the manufacturing confectioners of the country are obliged to import, or find it more profitable to import, shelled nuts, whereas if those two rates were equalized, more of this work of sorting and of putting up for the market would be done in this country.

Some illustration of that is found in the fact that the free list provides for Brazil nuts. Those nuts come to this country for the most part unshelled, and the work of sorting and shelling is done here; and I am told by my clients in New York that that is a very

substantial industry and affords employment to a good many people, and if the work were done in general, it is no exaggeration to say it would afford employment to thousands more. That is their case. I submit it upon the memorandum which I will pass up and file with the clerk of the committee.

Mr. CLARK. You want this specific duty, changing the ad valorem duty on both shelled nuts and unshelled nuts?

Mr. WASHBURN. Precisely that, Mr. Clark; that is right.

Mr. CLARK. Do you want the duty raised, or do you want it lowered in the end?

Mr. WASHBURN. It is unequal now. For example, as I have pointed out, and as I think perhaps the figures of this committee will show, expressed in terms of ad valorem, the duty on unshelled nuts is much higher than the duty on shelled nuts.

Mr. CLARK. You want a higher duty on shelled nuts?

Mr. WASHBURN. No; we do not. My clients would prefer a somewhat lower rate of duty than is now imposed, but they would prefer an ad valorem to the specific rate.

Mr. CLARK. Who are your clients?

Mr. WASHBURN. Manufacturing confectioners of the country and importers of nuts.

This memorandum which I have suggested I would file with the clerk is as follows:

We desire to speak for a moderate and equitable tariff on nuts. Fully 75 per cent of all the imports are practically raw materials, and they have become more and more a popular necessity for the manufacturing confectioners from Maine to California. At the time of the Dingley tariff hearings some of the undersigned presented a petition signed by manufacturers representing the employment of about 17,000 people and the support of probably 50,000. These figures give but a poor idea of the number who would be benefited by a reasonable tariff. It concerns every manufacturing confectioner in the United States, all their employees and their families, thousands of retail confectioners and caterers and their employees, and, finally, millions of consumers, whose demand for imported varieties of nuts, in preference to all others, creates a market.

The present rates of duty upon nuts are all specific, and specific rates have in the past, we believe, had a preference, though ad valorem rates have sometimes been enacted. There were strong advocates of the advantages of an ad valorem tariff upon nuts when the present act was passed, but the matter was not pressed, partially through a misunderstanding on the part of some of the manufacturers. We now wish to express a decided preference for ad valorem rates. Such rates seem to us not only more equitable, but also more truly protective in character. Briefly stated, the reasons are:

1. We now pay a duty on dirt and impurities equivalent to the specific duty on nuts. The percentage of dirt and other impurities contained in nuts now varies between 3 and 6 per cent, according to the sworn testimony taken in court proceedings. Customs officials make no allowance whatever for these impurities, and it is difficult to prove the exact quantity in each shipment with mathematical precision. Under the present specific system duty is being regularly paid upon 3 to 6 per cent of impurities which are worse than useless, and this, of course, substantially enhances the amount of duty charged

upon the nuts per se. The appearance of an appreciable quantity of impurities in many varieties of imported nuts has been a development of recent years—since the passage of the present tariff act, practically. The adoption of an ad valorem scale would relieve the importer and manufacturer of this burden.

2. A large part of the labor of cracking, picking, sorting, etc., would be done in the United States if the tariff on nuts was ad valorem. Under the present specific scale of rates the importation of nuts in the shell, for cracking and sorting purposes, practically does not exist. All the labor which is incident to preparing the nuts for the American market is performed abroad. If the duty were based upon value, a great part of the labor required to crack, pick, select, and condition the nuts, as well as putting them up in boxes with fancy markings and brands, would be done in this country. It is no exaggeration to say that this enhancement in the value of the crude article represents the labor of thousands of people. This is illustrated by the fact that Brazil nuts, on which there is no duty, are cracked here. This is, therefore, a matter of distinct interest to the wage-earner.

The difficulty and practical impossibility of fixing an equitable specific tariff on nuts or shelled nuts is seen by a reference to the approximate cost of shelled nuts during the present season. One of the largest varieties imported is almonds, upon which the duty is (par. 269) 6 cents a pound shelled. The ad valorem equivalents wherever given are based, of course, upon this specific rate.

Jordan shelled almonds, selected small, and packed in boxes of 25 pounds each, cost in bond, say, 40 cents, duty at 6 cents—15 per cent. Large selected Jordans, 43½ cents. This is an exceptional season on account of the scarcity of selected small. The difference in price usually is 5 cents to 7 cents per pound.

Alicante shelled almonds, according to selection, packing, etc., cost this season in bond from, say, 19½ to 24 cents per pound. At 6 cents per pound on the cheaper packing the duty would be about 21 per cent, but as above prices are for selected and hand-picked goods, for which there should be an allowance of 1½ cents per pound, this would bring the cost down to 18 cents, and on this basis the duty would be 33⅓ per cent.

Valencia shelled almonds, so called, ordinarily cost an average of about, hand picked, selected, and packed in boxes, 19 cents to 20 cents; duty, 20 per cent. The goods not selected and in fancy packings at 18 cents would pay 33⅓ per cent.

Fancy-brand shelled almonds cost, say, 30 cents, duty 20 per cent, but Sicilian and Italian shelled almonds of many varieties, and which constitutes a very large proportion of the imports, cost 14 cents to 15 cents in bond. Taking the low cost as value of the goods used for manufacturing purposes, we have a duty of nearly 43 per cent on an article of great necessity for a large industry that could not and does not use California shelled almonds at any price.

There are some absurdities in the present tariff closely related to the almond paragraph, to wit, shelled almonds can be imported from France, Spain, Italy, etc., into Germany and converted into two distinct manufactured articles—almond oil, which is free, and almond meal, which pays a duty of 20 per cent. This almond meal, freed from the skin and all refuse matter and invoiced at a low valuation

on account of being in a measure the by-product in the manufacture of almond oil, pays only a nominal duty, as compared with the almond meal made here, on which a duty of 6 cents per pound is paid on the almonds in the rough; in other words, a truckload of shelled almonds on which we pay $660 duty (this truckload representing raw material for our manufacturers) is converted abroad into two manufactured articles by foreign labor, and the duty on this converted truckload would amount to $100 to $120.

Moreover, almonds can be converted into blanched almonds, which were formerly made in this country. This process decreases the weight as to skins, dirt, dust, etc., about 20 per cent, thereby reducing the duty on the truckload when manufactured to about $525, as the blanched or manufactured article pays also only 6 cents per pound.

The present tariff is on "shelled almonds clear," and was intended to cover, we think, loss in weight on account of the dirt, shells, dust, and other impurities and mixtures found in the regular commercial shelled almonds, packed in bales as cracked and not conditioned before shipment. But, as elsewhere explained, the Government claims that it is not practical to ascertain the amount of foreign matter in the bags, and consequently we are obliged to pay 6 cents per pound on the entire contents of the package, with the result that thousands of dollars are paid on refuse. This injustice, we repeat, could be remedied by a tariff on value, because the goods containing the greatest amount of refuse are the cheapest in the market from which they are imported, and on value the duty would be lower in proportion.

Shelled walnuts: These have become a very important feature of the imported shell-nut business. Up to about twenty-two years ago a considerable number of hands were employed in cracking the nuts in this country. The work was done here because it was thought that the kernels were too delicate to stand the voyage of importation, but by proper drying and curing this difficulty was overcome, and now large quantities are imported and the goods are used by nearly every manufacturing confectioner in the United States. Large quantities are also used by the biscuit manufacturers, caterers, and ice-cream interests, and in various ways throughout the country.

Shelled walnuts are mostly cracked from the various sorts of small sizes. These varieties are not largely imported in the shell on account of their small size, but they are the best shelled on account of the bright color, good-keeping, and fine-eating quality of the kernels, and they have become an article of great importance to our manufacturers, retailers, and consumers.

There are a number of manufacturers that buy, duty paid, for their own manufacturing uses, shelled walnuts to the value of from $5,000 to $25,000 per year. It is important that this article has become a manufacturing necessity all over the United States. Nuts of all or any kind should not be required to pay more than a reasonable rate of duty, not to exceed in any event the equivalent of the present rate of 5 cents (paragraph 270) per pound as a maximum.

Large quantities of the broken meats are imported and used where the size of the pieces is not important (the eating quality being equal), on account of their lower cost, but in this form the duty is 5 cents per pound, just the same as in the hand-picked, carefully selected, and packed half walnuts. The shelled nuts deteriorate

faster than those in the shell, but as the nuts in the shell can not be imported and cracked here, on account of specific duties, it is necessary to import the shelled nuts. The labor of cracking and packing represents probably about two hundred thousand days' work for one person; the value of the cases made from lumber imported into the country from which the shelled walnuts are exported is probably $25,000 to $40,000.

The tariff on Grenoble half walnuts, the fancy variety of which comparatively few are imported, at 5 cents per pound, is equivalent to about 22 per cent; on the other variety, largely used by the manufacturers, the rate of duty at 5 cents ranges from 32 to 42 per cent, but as this estimate is on a cost and freight basis, it is probably from 5 per cent to 15 per cent too low, as compared with the actual cost of the goods at place of production.

Shelled filberts, imported from the Black Sea ports, have become a staple article for our manufacturers. At the present rate of duty, at 5 cents per pound, this is equal to about 50 per cent on the first cost. With an ad valorem duty on the goods in the shell, or a low specific rate, the shelling could be done in this country, as the nuts, like almonds, are shelled by machine.

Pistacchio nuts, in the shell, costing from 10 cents to 20 cents per pound, pay 1 cent per pound (paragraph 272). Pistacchio nuts, shelled, cost from 20 cents to 50 cents per pound, according to variety or season, and pay a duty of 1 cent, equivalent to, say, 5 per cent.

This survey of market quotations shows that a specific duty when reduced to ad valorem rates represents a pretty wide range of differences on the same kind of goods. It would seem, therefore, that a moderate ad valorem rate for each variety, which would reduce the cost of the necessary and cheaper grade used in manufacturing and possibly slightly increase the duty on some of the higher grades, which may be regarded as a nearer approach to luxury, would be the fairest disposition of the matter. As there are comparatively few almonds grown in California, it would seem that a flat ad valorem rate of 20 per cent on this grade of nuts, which is much in demand, would meet the just requirements of manufacturers, laborers, growers, and consumers.

Respectfully,

HENRY HEIDE,
HENRY HEIDE, Jr., *Attorney.*
GODILLOT & CO.
SPENCER IMPORTING AND TRADING CO.,
JAS. H. SPENCER, *President.*

STATEMENT OF STEPHEN R. BARKER, OF BOSTON.

Mr. BARKER. I am here to request, first, a reasonable reduction of the duty on manufactured cocoa and chocolate; second, that in this new tariff the wording of the paragraph be so simplified as to avoid the constant litigation with the board of appraisers such as has occurred in the past ten years.

I am not an agent or commissioner representing any foreign interest, but a buyer of goods for my own account and risk.

In considering this, do not confuse bulk cocoa in 100 or 200 pound barrels and 10-pound blocks of chocolate in 100-pound cases, both of

which are used almost wholly as manufacturers' raw material, with what is generally or commonly known as "chocolate," and which should not be classed, as it is now, under the head of what is generally known as "chocolate" and bought by the consumer at confectioners' stores for eating purposes. The manufacturing of cocoa and chocolate in this country is done wholly by machinery, the best of which machinery is now made in this country. The manufacturing cost of both cocoa and chocolate is very slight and should figure, I think, very slightly, if at all, in the consideration of duties as to the difference in labor. In other words, the manufacturing cost of cocoa and chocolate is so small that a much less than our previous duty affords ample protection for labor engaged. Anyone familiar with this industry knows that in this country it is not in need of a high protective tariff. The duty on cocoa powder and cocoa butter is now specific, and I urge the making of the chocolate duty the same, having, if advisable, one price as a dividing value, all goods above such value paying one specific duty, and all goods below such value paying a smaller specific duty.

The present tariff on cocoa and chocolate as a revenue-producing bill is a failure. As a protective measure it is not necessary. The increase in the duty on cocoa under the present tariff is 150 per cent and on manufactured chocolate as high as 380 per cent over the tariff of 1894, and the tariff of 1894 was higher than that of 1890. Under the present rate imports have increased on cocoa powders from 550,000 pounds in 1897 to 1,140,000 pounds in 1907. Manufactured chocolate has increased from 807,000 pounds in 1897 to 1,064,000 pounds in 1907. This does not include a large importation from Switzerland, which is now being forced on this country by an association of Swiss manufacturers. The success of their effort remains to be seen. At present they are spending their appropriation very largely over and above the profits, I should judge. During this same time the importation of cocoa beans—and that is the raw material from which the cocoa is made—has increased from 25,000,000 to 92,000,000 pounds.

I quote from an opinion expressed some years ago by the largest manufacturer of cocoa and chocolate in this country, in which he stated that the only tariff necessary on cocoa and chocolate was such as would equalize the difference in duty that he was obliged to pay on tin, sugar, and machinery used in its production.

That is all, and I thank the committee.

Mr. Clark. If all these changes were made which you ask, would it result in any cheapening of these materials to the people who use them or consume them?

Mr. Barker. The bulk of the business is sold to the manufacturing confectioners; they buy the goods. Whether their buying the goods cheaper would cause them to sell them cheaper is a question.

Mr. Clark. The upshot of the whole thing would be if these changes were made it would give you more profit and would not give the consumer any advantage at all?

Mr. Barker. No; we would not do that. We have to meet competition. Some goods to-day we can not import at all. You have the duties so high you have barred them out practically altogether.

Mr. CLARK. That is the Massachusetts theory of the tariff, to get raw material in free and then have a good stiff tariff on the manufactured products.

Mr. BARKER. That is not my theory.

The CHAIRMAN. The manufacturers have increased very largely in the last five years under the present tariff, have they not?

Mr. BARKER. Of what?

The CHAIRMAN. Chocolates, for instance, manufactured chocolates. valued above 15 and not above 24 cents.

Mr. BARKER. They began to increase when the Swiss Association of Manufacturers began to spend their very large appropriation of money.

The CHAIRMAN. They increased in 1903 nearly five times as much. Goods valued above 24 and not above 35, in 1903, amounted to 174,000, and in 1907 amounted to 1,309,000 pounds.

Mr. BARKER. That is because the Swiss association are spending a very large appropriation of money here to introduce their goods, but if you will refer to the statistics you will see that up to that time the growth of imports was very slight. You can sell goods anywhere if you will spend money enough behind them to advertise them.

STATEMENT OF H. J. KEITH, OF BOSTON, MASS.

Mr. KEITH. I am representing H. J. Keith & Co., at Boston, having a branch office in New York. I am at 72 South Market street, Boston, and 105 Hudson street, New York, is a branch office.

I wish to call your attention to a phase of the egg business and to raise in your minds a question whether the tariff on eggs is being consistently applied to eggs when broken out from the shell and changed in form for the purposes of transportation and preservation. Thinking that the subject may be new in the line of business to you, I have taken the liberty of putting in my pocket some samples showing the products I especially wish to discuss. This first sample which I show you is the egg in a dry form. The whole of the egg consists of about 73 pounds of water and 27 pounds of solid to each hundred pounds of egg broken out of the shell. It is well known that eggs are fragile and that they are perishable, and that the hen will not lay the year round; therefore eggs have to be preserved in some manner. Further than that, there are hens that do not lay in the city, so that eggs have to be transported to various points as well as preserved. Four months out of the year the hens lay more eggs than the people consume. It is best known to people who keep hens how completely they shut off after a few months, and to people who sell them how few new eggs are sold to people to eat. Eggs must be preserved, and the question is how they shall be preserved. I have here three sample bottles which I could not tell apart by the looks of them; I can only tell them apart by chemical analysis. One bottle contains the whole of the egg dried. Another contains the yolk as nearly pure as it is practicable to get it by hand separation from the white. The third bottle contains a mixture of the yolk and a whole egg, mixed before drying.

I am not specially prepared for this hearing, and it is only by accident that I saw in the newspapers there was to be such a hearing,

but I shall endeavor to present the matter as best I can under the circumstances.

Our business being comparatively new and comparatively strange, perhaps, I felt that I had better come here and get some information. I was told I could talk about the matter here a little, and afterwards we could submit a written statement of our business and the effect upon it of the application of the tariff on eggs.

The CHAIRMAN. This is not enumerated in the tariff, is it?

Mr. KEITH. Indirectly.

The CHAIRMAN. Under what paragraph?

Mr. KEITH. There is something said about egg yolk, 25 per cent ad valorem. It does not say in what form the egg yolk is. I think a good deal of whole egg is brought in as being egg yolk. It looks to be egg yolk. The white does not show up very much in this form.

The CHAIRMAN. The bill gives it this way:

Yolk of eggs, 25 per cent ad valorem; albumen, eggs or blood, 3 cents per pound; dried blood, when soluble, 1½ cents per pound.

Mr. KEITH. Albumen is the solid portion or white of the egg. The white of egg consists of about 13.3 per cent solid albumen, and the rest is water. If you should separate it to get the albumen, you dry 7 pounds down to 1. In its finished form there is about 5 per cent of moisture. The finished product contains about 5 per cent of moisture.

The CHAIRMAN. How much does it cost to convert eggs into that form?

Mr. KEITH. It costs a good many thousands of dollars a year.

The CHAIRMAN. That does not give us any information. How much does it cost for a given quantity, say a dozen eggs, or a hundred dozen, to convert eggs into that form? How much does it cost?

Mr. KEITH. The mere drying would be about one-half a cent; handling the whole business would come to about 2 cents a dozen.

Mr. CLARK. What do you do with it after it is dried? You do not pretend to say that people eat it?

Mr. KEITH. They do. We have sold a million thousand pounds of that.

The CHAIRMAN. Would that make a good dish of scrambled eggs?

Mr. KEITH. It would.

Mr. CLARK. Is that what we get at the hotels?

Mr. KEITH. That is what you get. We sell a great deal of this here in Washington.

The CHAIRMAN. Are these preserved with boric preservatives, or simply by taking the water out?

Mr. KEITH. They are preserved by taking the water out and by refrigeration.

The CHAIRMAN. No chemicals are used?

Mr. KEITH. No, sir. We carry those at a temperature about zero.

The CHAIRMAN. Is not 25 per cent duty enough on that?

Mr. KEITH. It takes 3 dozen eggs to make a pound of whole egg dried. It reduces the price of eggs to the extent of 5 cents a dozen. We should be protected to the extent of 15 cents a pound, and the duty should be specific. The duty on shell eggs is specific.

The CHAIRMAN. What does it cost per pound in New York?

Mr. KEITH. About half a dollar.

The CHAIRMAN. And how much duty do you want?

Mr. KEITH. About 15 cents a pound is equivalent, if there is a consistent application of the tariff on shell eggs to this product. We use 3½ pounds of it to get 1 pound of the dry.

Mr. UNDERWOOD. What do you call that product?

Mr. KEITH. Dried eggs. We use 3½ pounds of eggs to produce a pound of this product. I do not think the dried whole eggs pay anything.

The CHAIRMAN. I thought you said the yolk of eggs was referred to in the clause? That comes in free, does it not?

Mr. KEITH. There is nothing that applies to the whole egg, so far as we can learn.

The CHAIRMAN. How much is imported?

Mr. KEITH. I do not know that. The business is new.

The CHAIRMAN. When did the hens invent this sort of an egg?

Mr. KEITH. Eggs have been dried in one form or another for quite awhile. The way we dry them, however, is comparatively new.

The CHAIRMAN. These are manufactured in this country?

Mr. KEITH. Yes, sir; mostly at Topeka, Kans., through the Seymour Packing Company.

The CHAIRMAN. How large an industry is there in the United States?

Mr. KEITH. About half a million pounds, which brings about a quarter of a million dollars. There are other concerns, the National Bakers' Egg Company, which sell more than we do.

The CHAIRMAN. What profit do you make out of it?

Mr. KEITH. We made last year, according to the way we keep our books, about 2 cents a pound. But we did not make that, because we kept an account of each department of our business, and the general administrative expense was not charged up against this department; so that as a matter of fact we did not make very much last year.

The CHAIRMAN. Is this product used for baking purposes?

Mr. KEITH. Yes, sir.

The CHAIRMAN. When the pure-food bill was before the House of Representatives, it was stated they were made out of stale eggs brought in from China.

Mr. KEITH. That is not necessarily so. You can make this out of any egg. You can make this out of a fresh egg or out of a stale egg, or you can make it out of anything that is not black or green that would give itself away by its color.

Mr. BOUTELL. I saw in a paper recently that they threw into the New York Harbor several dozen cases of Chinese duck eggs.

Mr. KEITH. Those are liquid eggs, preserved with borics, as I understand it.

Mr. BOUTELL. They threw them into the New York Harbor, and they had a regular omelet then.

Mr. KEITH. Yes, sir. We have had considerable expense as to time and money developing apparatus to enable us to make this in this way. It is perfectly possible to go to China or Russia and establish factories there and then bring the stuff in at very little expense of freight in barrels. It can be brought into the country in perfect condition, and you will know a good deal less about it if produced there than if produced at home with the pure-food inspectors around.

The CHAIRMAN. How many eggs does it take to produce a pound of this product?

Mr. KEITH. Three dozen to make a pound.

The CHAIRMAN. And it sells for how much?

Mr. KEITH. About a half a dollar a pound.

The CHAIRMAN. With eggs at 38 cents a dozen?

Mr. KEITH. Oh, no: that is about 16 cents a dozen.

Mr. GAINES. You do not use the 38-cent-a-dozen eggs?

Mr. KEITH. Oh, no.

The CHAIRMAN. You have not been able to buy eggs for 15 cents a dozen?

Mr. KEITH. Oh, yes, sir; we buy them for less than that.

Mr. GAINES. Fresh eggs?

Mr. KEITH. Yes, sir. Our eggs are largely produced in and around Topeka, Kans., and we get them from the small country farmers out there, the merchants, and so forth. We got them for a great deal less than that last spring.

Mr. DALZELL. Some of this product has been imported, you say?

Mr. KEITH. There has been some of it imported; yes, sir. What we are afraid of is that there is no practical protection for us unless the duty is applied.

Mr. DALZELL. You say there are importations of this?

Mr. KEITH. The same general product, but not identical with ours.

Mr. DALZELL. What rate do they pay on those importations?

The CHAIRMAN. He does not know, unless it comes in under "Yolk of eggs."

Mr. DALZELL. He ought to know whether it pays any duty or not.

Mr. KEITH. So far as we can learn, there is no duty on whole egg, dried.

Mr. DALZELL. Has that been brought into the country actually and taken out of bond?

Mr. KEITH. Oh, yes, sir. As I say, it is different from ours, because dried in a different manner.

Mr. DALZELL. Dried egg is brought into this country, but it did not pay duty when brought in?

Mr. KEITH. I do not know. Dried albumen is brought in, and that, as nearly as we can learn from the tariff schedule, pays 3 cents a pound. It should pay 30 cents, because if the egg were all white it would dry down twice as much as it does having the yolk in it.

The CHAIRMAN. Have they imported any dried yolk of egg?

Mr. KEITH. Yes, sir.

The CHAIRMAN. That is specifically mentioned. Do you say that 25 per cent duty is a fair proposition on the dried yolks?

Mr. KEITH. The schedule, as we find it here, says tanner's yolk comes in free. I do not know why it should. Surely there are enough bad eggs in this country. There are dried egg yolks used chiefly by tanners, which come in free. I do not know how to construe this word "chiefly," whether they assume that dried egg yolk is chiefly used by tanners and let it all in free for that reason. Then we have dried egg yolk not enumerated in different schedules, as I was informed in the other room, bearing a duty of 10 to 20 per cent. I do not know how the difference is applied. I am willing to say that in the dried yolk, the mixture of yolk and whole egg, and the

dried whole egg, the only way you can tell them apart is by chemical analysis.

The CHAIRMAN. I have the statistics here to answer my question.

Mr. BOUTELL. Is this process of preserving these dried eggs, so they can be sold commercially, without chemicals? Is that a secret or patent process?

Mr. KEITH. The process is not patented. There are certain steps in the process that are patented, and there is certain apparatus that is patented. The product is not patented. The product is old. There have been patents granted on egg-drying machines that have expired, quite a good many, and it is possible to dry eggs in many ways.

Mr. BOUTELL. Is there any reason why these Chinese duck eggs that are sold in such enormous quantities should not be prepared like this and imported into this country?

Mr. KEITH. I do not know of any.

Mr. BOUTELL. No reason at all?

Mr. KEITH. No reason at all.

Mr. BOUTELL. Without chemicals in them?

Mr. KEITH. Without chemicals in them.

Mr. BOUTELL. And be perfectly pure and sweet?

Mr. KEITH. Perfectly pure. Whether they would be sweet or not is dependent on the way they are handled.

Mr. BOUTELL. I mean if handled properly.

Mr. KEITH. We could put a factory into China, and, given hen eggs, we could produce eggs like that; and, given duck eggs, we could produce a corresponding result from duck eggs.

Mr. BOUTELL. Without any chemicals?

Mr. KEITH. Without any chemicals; yes, sir. We use refrigeration. That is necessary, too.

Mr. BOUTELL. I should think that might become a profitable industry in China—to produce this form of egg and bring it into this country.

Mr. KEITH. Yes, sir. We have an idea that about the time the Russian Jews and Chinese, who look with interest upon this, have learned a little more about the matter they will take hold of it and put factories into Russia and China and become a factor in the business, and then our factories will close.

Mr. BOUTELL. You want the duty raised on eggs, or on that product?

Mr. KEITH. I do not want anything else. I am asking nothing else than that if 3 dozen eggs or 1 dozen eggs in that form bear a tariff in that form, it should bear the same tariff in the other form. If 3 dozen eggs in one form bear a certain tariff, 3 dozen eggs in this form should bear the same tariff.

Mr. FORDNEY. That would be 2½ cents more than it is now?

Mr. KEITH. I think it should be specific, for the reason that the duty on shell eggs is specific. I can buy eggs in Boston at the present time all the way from less than a dollar a case of 30 dozen up to $15 a case, depending on what the eggs are.

Mr. DALZELL. A dollar a case for 30 dozen eggs?

Mr. KEITH. Yes, sir. Those would mostly go to the tanners. You have enumerated a tanner's product in your tariff. You recognize the fact that there is a tanner's product. We sell a very considerable

quantity of our dried eggs to tanners. We sell to them eggs we could not sell for food.

Mr. CLARK. How much did you say you bought fresh eggs for at Topeka, Kans., this spring?

Mr. KEITH. About 10 or 12 cents a dozen, sir. I want to explain that.

Mr. CLARK. Missouri is the best poultry and egg State in the Union. How does it happen that eggs sell at 10 and 12 cents in Topeka, Kans., when selling at 15 or 20 cents in Missouri?

Mr. KEITH. If you were in the egg trade, I think you would understand.

Mr. CLARK. I am not expecting to buy them. The truth about this thing is, is it not, that you go around and make a contract with these big egg houses and get the stale eggs and make them into this product?

Mr. KEITH. No, sir. We do largely use in this product, especially in the spring of the year, when eggs are being stored, eggs the shells of which are nicked. Those shells are weakened, so if they were shipped in a case to the city market they would be apt to break and run out and make more or less of a mess, and they would get bad before they got to the consumer. We take them when they are freshly nicked, when they are just as good as they ever were, and we complete the breaking process and inside of an hour or so we have those eggs dry. They are just as good as any egg. We get a great many carloads of those eggs in Topeka for less than 10 cents a dozen. They are good eggs; there are no better.

The CHAIRMAN. You could not get eggs at that price in the State of New York or Pennsylvania, where they are near large manufacturing concerns?

Mr. KEITH. We do not have to. Our freight on this product is only a fraction of what it is on the shell eggs.

The CHAIRMAN. I am asking if you could buy eggs for that process in New York or Pennsylvania?

Mr. KEITH. Oh, no, we could not; but we do not have to. Our factory is somewhere else. We take advantage of the fact that it costs us very little freight.

The CHAIRMAN. Of course you go where your product is obtained the cheapest.

Mr. KEITH. It costs very little storage. Eggs are preserved by refrigeration in the shell and it costs a lot to store them. When we have concentrated them here they do not take much room.

The CHAIRMAN. Where is your factory?

Mr. KEITH. Topeka, Kans., is the principal factory, operated by the Seymour Packing Company, in which I am a director.

STATEMENT OF ALFRED HARRIS, OF SIOUX CITY, IOWA.

Mr. HARRIS. I represent the National Bakers' Egg Company, of Sioux City, Iowa. I do not think you have been sufficiently impressed with the goodness of these eggs. They are generally used in the best bakeries in this country. They are now being used for family consumption. My function with my company is to distribute eggs, to open up avenues of distribution.

The CHAIRMAN. You say they are a good, wholesome article of food?

Mr. HARRIS. Absolutely. There seemed to be quite a bit of amusement brought out in connection with the matter, and I merely want to emphasize that fact, that they are absolutely a good, wholesome article of food.

On this tariff question I can go briefly over the ground Mr. Keith has covered. The tariff is 5 cents per dozen. If eggs in that form draw a tariff of 5 cents a dozen, why should not eggs in another form draw exactly the same pro rate? If they do not, it is unfair to the American producer of dried eggs, and the Government is being cheated out of what rightfully belongs to it, and my point is that the Government is evidently not aware of the situation regarding eggs in other forms than the shell.

Mr. FORDNEY. How much in value is imported in this form, if you know?

Mr. HARRIS. We have been unable to get those figures, I am sorry to say.

Mr. FORDNEY. Have you an idea about it?

Mr. HARRIS. I will approximate it.

The CHAIRMAN. There does not appear to be any article like this in the books.

Mr. HARRIS. No. I know it is imported into this country.

The CHAIRMAN. This is a new article?

Mr. HARRIS. No; it is not new. It dates back hundreds of years.

The CHAIRMAN. How long has it been on the market here?

Mr. HARRIS. It has been on the market here in a small way long before I knew anything about it, but I know that there has been an article called "egg substitute" or various articles called "egg substitutes."

The CHAIRMAN. I am inclined to think if we put it on the schedule alongside of yolk of eggs at 25 per cent, it would protect you fully.

Mr. HARRIS. May I ask Mr. Keith's opinion on that?

Mr. KEITH. I do not think that is very much protection against the Chinese and Russian egg.

Mr. HARRIS. The foreigners were unable to make a success of this after working on it, and it remained for American brain and ingenuity and capital to make it a success. That has taken place only in the last eight years.

I represent the firm that has made it a success. The foreigners have awakened to that fact, and they propose to copy our patents which are on file here in Washington, covering our rights only in this country; and they propose to erect these machines in foreign countries where they can get cheap labor and all that, as you understand, and then they can ship that product into this country practically without a tariff and wipe out the American who has been responsible for its success. I can not imagine a condition which is more unjust and unfair and un-American than that. It seems to me that the Government is interested in this because of its present enormous size and because of the great possibilities of it. Few people are acquainted with the subject, and very few, I may say, have any idea of its possibilities. I want to say it is the logical solution of the egg problem, and I venture to say that within twelve months I will

have it very firmly established in the homes of just such men as yourselves.

Mr. FORDNEY. What you want is 30 per cent instead of 25 per cent ad valorem?

Mr. HARRIS. I am not much of a mathematician. What does that figure out?

Mr. FORDNEY. That figures out 15 cents.

Mr. CLARK. You will have to convince the people that you do not use rotten eggs in making this product before you make much of a success of it.

Mr. HARRIS. If I make two omelets, one of my egg and one of the fresh egg, costing 5 or 6 cents, and you can not tell the difference, then you will be convinced.

Mr. CLARK. No; I would not be.

Mr. HARRIS. Let us put it this way: You never can make your finished article better than the raw material from which it is made. If an egg is rotten when you start out with it, it is just as rotten when you finish with it.

The CHAIRMAN. If this foreign product is unfit for food, we ought to keep it out and not let people eat it.

Mr. HARRIS. I insist upon just one more statement, please. This product is the result of Yankee brains and ingenuity and patience and persistence, and it ought to be incorporated as a matter of consistency in the tariff and as a matter of protection. That is the simplest proposition, I think, we can present. Stewart Edward White, editor of "Outing," had an analysis made of the article and recommended it to his campers. I may say, I sold this, perhaps, on an average of 50 cents, and sold pretty nearly 400,000 pounds in the city of New York this year myself. Mr. Stewart Edward White recommended it to his campers, and they came into my place on his recommendation and bought sample lots for $1.25 a pound, and came back again.

The CHAIRMAN. It is very evident these gentlemen will be eating this product before a great while.

Mr. CLARK. Have the pure food experts dropped down upon you?

Mr. HARRIS. Yes; particularly on us. The old egg question of what is a rotten egg and what is not a rotten egg was thoroughly discussed. That is the best argument in favor of our article. They had used rotten eggs. You can go into the east side bakeries of New York and the stench from their kitchens would knock you down.

Mr. CLARK. They ought to be in jail.

Mr. HARRIS. They ought to be. Now, if we can preserve an egg and save the baker and consumer the cost of freight and storage, it seems to me it is an industry that should be encouraged. We ship 26 cases in 1 barrel. We save the freight for the consumer on 26 cases, and we save the storage. It has always worried egg users and egg sellers how to overcome the great expense of packing only 30 dozen eggs in that great, big, bulky package. We can take the same 30 dozen eggs in two hands and hand them to you and save you freight and storage and that large expense. The best baker in this town uses this product in almost all his output, and he will tell you that it is the most economical, convenient proposition that has ever come to his notice. It is generally conceded to be a great success by the experts in the baking business.

Mr. BOUTELL. How long will it keep?

Mr. HARRIS. Commodore Perry now has some four hundred 1-pound packages which I packed for him for his trip——

The CHAIRMAN. Will it keep as long as Chicago canned beef?

Mr. BOUTELL. That will keep a long while, you know.

Mr. HARRIS. This product will keep a year, nicely. We have kept some of it for eighteen months for experimental purposes, and most successfully, because we keep it at a temperature of about 6 degrees above zero. Perry's stewart has 2 pounds of this product, which he will bring back to me two years hence, probably, because we are constantly experimenting, and I am quite certain that will be just as good as it was the day it went away.

This is the solution of the egg problem. It is perfectly pure, no preservatives of any kind are used, and we can foresee that the industry we have built up may be destroyed by the foreigner who has failed in it for years and years, may be destroyed with the assistance of Uncle Sam, and so we have come here to make you acquainted with the proposition that is comparatively new and to ask nothing more than a consistent tariff.

STATEMENT OF R. H. SAWYER, OF MALDEN, MASS.

Mr. SAWYER. I am here representing the Goodall Matting Company, of Kennebunk, Me., who weave matting for floors. The Agricultural Department within the last year or more has been trying to get us interested in the manufacture of a reed lathing, the reed that grows in the swamps in different places, about as large as your finger. To weave this in mats that can be placed on the wall in place of wooden laths is their object. That is done in Germany and Sweden to a great extent. I have got a sample here. It is at the instigation of the Agricultural Department that we are trying this experiment. I will now exhibit to you a sample of the proposed lathing.

The CHAIRMAN. That is to take the place of wire lath?

Mr. SAWYER. The ordinary wooden lath or wire lath, either one; yes, sir.

This will cost less and will use up all your waste land products, as may be determined from this photograph showing how it grows.

The CHAIRMAN. Has this been tested?

Mr. SAWYER. Yes, sir; and has been used for hundreds of years in England, Sweden, and Germany to a large extent.

The CHAIRMAN. Tell us, if you have gone so long without protection, why you need it now?

Mr. SAWYER. It has never been made in this country. The lathings they make in Sweden and in Germany would never be used in this country. We have taken pains to have some imported through our ministers or consuls in Germany, and it is so open our masons would not use it. We have been working on the matter about a year, and we have invented a machine that will make it as you see it before you now.

Mr. DALZELL. That will keep better than wooden laths?

Mr. SAWYER. Yes, sir: taking the place of wooden laths on the wall.

Mr. CLARK. Is it cheaper?

Mr. SAWYER. Yes, sir.

Mr. DALZELL. Where does this cane come from?

Mr. SAWYER. This came from on the Patuxant River.
The CHAIRMAN. Could this be imported?
Mr. SAWYER. Yes, sir.
The CHAIRMAN. Is there any of this imported now?
Mr. SAWYER. No, sir.
The CHAIRMAN. There never has been?
Mr. SAWYER. No, sir; there never has been.
The CHAIRMAN. How long have you been making this?
Mr. SAWYER. We have not made any yet.
The CHAIRMAN. It never has been made in this country?
Mr. SAWYER. No, sir.
The CHAIRMAN. Where did you say they made it so long?
Mr. SAWYER. In Germany and Sweden.
The CHAIRMAN. And they did not even bring it into this country when there was none made here?
Mr. SAWYER. No, sir. We would not use the products they made.
Mr. DALZELL. You say you would not use theirs?
Mr. SAWYER. No.
Mr. DALZELL. Then why do you need any protection?
Mr. SAWYER. Because as soon as we commence to make this, and they see how good it is, they will copy our machines and make it over there and bring it in.
The CHAIRMAN. How much does it cost a square yard?
Mr. SAWYER. About 6½ cents a square yard.
Mr. CLARK. Referring to the material out of which that is made, where can it be grown in the United States?
Mr. SAWYER. It is grown in almost all the fresh-water rivers and swamps. Great areas of it you can see on almost all the rivers as far north as Winnipeg.
Mr. CLARK. How far south?
Mr. SAWYER. As far south as New Orleans.
Mr. CLARK. It would not grow in the Central West?
Mr. SAWYER. Yes, sir. One of the largest fields we know of is at Sandusky, Ohio. The Agricultural Department is experimenting with it.
Mr. CLARK. Do you have to raise it?
Mr. SAWYER. No, sir; it grows naturally. It grows right in the swamp.
Mr. RANDELL. Is it what you call canebrakes?
Mr. SAWYER. No, sir. The name of that is *Phragmites communis*.
Mr. DALZELL. When cut down does it reproduce itself?
Mr. SAWYER. Yes, sir. When it is cut down it comes up the next year just the same; burn it over and it comes up next year.
The CHAIRMAN. How much do you have invested in a plant?
Mr. SAWYER. One loom would probably cost $200, and we want to run 100 looms. There was something like $19,000.000 paid out for laths in 1906.
The CHAIRMAN. How much could a loom costing $200 make in a day?
Mr. SAWYER. We could make 100 yards in a day on a loom.
The CHAIRMAN. How many people are required to run the loom?
Mr. SAWYER. Two—two girls.
The CHAIRMAN. Does this loom have to be run by men or women?
Mr. SAWYER. There have to be some men around the mills, but the girls could feed the loom, poking it in from each side.

The CHAIRMAN. It is a pretty bulky article for freight.

Mr. SAWYER. Yes, sir; but very light—bulky, but light. They can be put on with 45 per cent less nails, and can be plastered, by the experiments carried on under the Agricultural Department, with 11 per cent less plaster, and obtain the same result as you would from ordinary laths.

Mr. CLARK. Has anybody ever tried it long enough to know whether plaster would stick on any length of time?

Mr. SAWYER. A building in London that had been plastered nearly three hundred years ago was taken down—that is, the plastering was taken off—and the lathing was so good under it that they immediately replastered right over it.

Mr. CLARK. If that is true and they can plaster in London with this European matting——

Mr. SAWYER. Not matting. They use it on reeds that they have been putting on without weaving so long ago as that. The first machine to make this was patented in Germany in 1883.

Mr. CLARK. If these Germans and Englishmen and the rest of them use this stuff as it is made over there, what is the reason our plasterers will not use it, too?

Mr. SAWYER. It is not good enough for us. It is too poor, entirely.

Mr. DALZELL. Will it make a solid wall on studding 16 inches apart?

Mr. SAWYER. Yes, sir. Those wires are 8 inches apart, and every 16 inches you will nail right through the wires.

Mr. DALZELL. The same as you would lath?

Mr. SAWYER. Yes, sir; and it makes good laths. The strength has been thoroughly tested, and it is plenty strong enough.

Mr. CLARK. How does it compare with lath in cost?

Mr. SAWYER. In cost?

Mr. CLARK. Yes.

Mr. SAWYER. Laths will cost 10 cents, where this costs $6\frac{1}{2}$ cents. We shall probably sell that for 8 cents, against lath at 10 cents.

Mr. CLARK. If you had a tariff on, you would put it at 10 cents?

Mr. SAWYER. No, sir. We want to use that product which is now thrown away. It belongs to the farmers, and it costs them nothing except the gathering of it. If we can use it, they can sell it to us. If we can not use it, I do not know what they will do with it. They never have done anything with it. I do not know that they ever can do anything with it.

The CHAIRMAN. What is it called in the commercial world?

Mr. SAWYER. That is called *Phragmites communis* reed.

Mr. DALZELL. What do you call this product?

Mr. SAWYER. We shall call that reed lathing.

Mr. DALZELL. And what duty do you want on it?

Mr. SAWYER. We want 3 cents a yard. In other words, it is a new product, and we want it listed; we want a specific duty put on it, not an ad valorem, but so much a yard, because everybody knows what a yard is. We want 3 cents a square yard. That is no more than the duty assessed on Chinese matting, that costs 5 or 6 cents to make, or even 3 cents. That matting, coming to this country from Japan or from China, pays 3 cents a yard duty if it costs less than 10 cents a yard. This costs less than 10 cents a yard. We ask that this be put on the same basis, of 3 cents a yard.

Mr. DALZELL. Is this made at Kennebunk, Me.?

Mr. SAWYER. That was; yes, sir.

Mr. DALZELL. Is that where you propose to have your factory?

Mr. SAWYER. It is where we propose to have one of them, but in order to make that cheap enough and enable us to sell it we shall have to put our factories where the stuff grows. In other words, there is a large area near Sandusky, and we shall have to put a mill there.

Mr. DALZELL. Does not this grow along the Kennebec River?

Mr. SAWYER. No, sir; not at all. The furthest we know of is right near Washington. I was down yesterday and contracted for the first carload of that goods that ever was cut, and I contracted for a thousand bundles for $100. I could not quite make the man see that he could do it for that. I said, "Get out a thousand bundles," and I left the $100 there with another party. I said to him, "If it costs you more than that to get it out, I will pay the difference."

I think that is all I have to say, and I am very much obliged to you.

The CHAIRMAN. I think that concludes the hearing to-day. We will take a recess until 9.30 o'clock to-morrow morning.

(Thereupon at 7.35 o'clock p. m. the committee took a recess until 9.30 o'clock to-morrow morning, Friday, November 20, 1908.)

APPENDIX.

LIVE STOCK.

TROY, N. Y., *November 16, 1908.*

To the honorable the Committee on Ways and Means,
Washington, D. C.

GENTLEMEN: The attitude of the market men of the United States on prevailing tariff on live cattle and live stock to be used for food is best expressed in the following preamble and resolutions adopted at the New York State Convention of Master Butchers, held at Utica, N. Y., June 8–10, 1908, and also at the national convention of the same body held at Cleveland, Ohio, August 11–13, 1908:

"Whereas the great scarcity of live cattle, attributed to financial conditions, depriving the greater portion of the people of a sufficient supply of meats; and

"Whereas such scarcity has been the means of the enormous advance in the price of meats; and

"Whereas such scarcity is reputed to be owing to the demand for meats being greater than the supply; and

"Whereas our National Government exacts a tariff on live stock, shutting out our outside sources of supply: Therefore, be it

"*Resolved*, That we, the United Master Butchers of America, in convention assembled, expert in the knowledge of the conditions and the remedies to apply, demand in the name of the great American consuming public that the Federal Government take immediate steps to have the duty on all live stock removed; and it is further

"*Resolved*, That a copy of this preamble and resolution be sent to the President of these United States, and in addition that they be given greatest publicity."

Having been delegated by both of these associations to present our views on this subject to your honorable body, and being unable to

appear at your scheduled hearing (under Schedule G), owing to limited notice, I take this method of presenting the sentiments of the body of business men best qualified by reason of the nature of their business to judge of the merits of the case.

Very respectfully, yours,

[SEAL.] D. J. HALEY,
Secretary United Master Butchers' Association of America.

CANNED FOODS.

64 PEARL AND 34 WATER STREETS,
New York, November 16, 1908.

Hon. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

SIR: The undersigned beg to state that they are engaged in the import of the world's food products and that they are amongst the largest distributors of these goods in America. They further beg to state that they have endeavored to have all or most of the importers of food products represented jointly before the committee, but, owing to lack of time, have not been able to accomplish this object.

The undersigned beg to submit for your consideration a few changes in the tariff, should a revision be contemplated. The proposed changes will undoubtedly be heartily indorsed by all importers of food products.

The undersigned are unalterably opposed to any reduction in the tariff rates in general, but they beg to suggest some changes which ought to eliminate the now so frequent differences of opinion in regard to market value of imported food products.

At the present time it is almost impossible to arrive at the correct market value of food products which are imported from some of the Latin countries, like Italy, Spain, etc., and the consequence is that innumerable protests are filed, which take up the time of the board of appraisers.

Under the present tariff canned vegetables, for instance, like tomatoes, tomato sauce, peppers, etc., pay a duty of 40 per cent ad valorem, while other vegetables, for instance, peas and mushrooms, are assessed at the rate of 2½ cents per pound gross weight. There seems to be no valid reason why certain vegetables prepared in the same manner should pay ad valorem and others a specific duty. The records will show that there is continued friction between the appraisers and the importers in regard to the value of some of these vegetables, for instance, tomato sauce, tomatoes, etc., the importation of which articles is growing daily, and all for the reason that it is almost impossible to arrive at a correct market value on these goods. The undersigned therefore respectfully suggest that all vegetables be assessed a uniform rate of specific duty.

Certain kinds of fish in tins containing more than 70 cubic inches under the present tariff pay 40 per cent ad valorem, while other kinds pay a duty of 30 per cent only. We respectfully beg to point out the inconsistency of this paragraph of the tariff. The 40 per cent clause refers to fish known as anchovies, sardines, sprats, sar-

delles, and bristlings, none of which appear in American waters and none of which can be produced here. On the other hand, some of the fish which is imported under the 30 per cent clause, for instance, fish balls, kippered and tomato herring, etc., can be and are made in the United States of America, and under the principle of protection of home industry should by rights pay a higher duty than those articles which can not be produced here. We would respectfully suggest that all kinds of fish, irrespective of their nature, be assessed the same duty, and not an ad valorem but a specific duty, so as to avoid a possibility of dispute as to the market value of these goods. A specific duty can be very easily fixed, as specific duty applies already to fish in tins containing less than 70 cubic inches.

Sardines and sprats in tins containing 7½ cubic inches or less under the present tariff are assessed a duty of 1½ cents per tin. Larger cans under the present tariff pay a proportionate higher duty. Since the present tariff has been enacted there are imported sardines in tins containing from 4 to 5 cubic inches and are assessed at the same rate of duty which is paid for a tin twice the size. This seems unjust, because those small tins containing between 4 and 5 cubic inches are used principally by the poorest class of inhabitants of the United States, being specially adapted as a wholesome article of food for luncheon purposes. It would seem just that those small tins be assessed a lower rate of duty than the larger tins.

Olive oil for machinery purposes under the present tariff does not pay any duty, while eatable oils imported in barrels pay a duty of 40 cents per gallon. Of late there have been before the board of appraisers innumerable cases where it has been absolutely proven that this cheap olive oil which is brought in and entered as machinery oil free of duty has been and is being used for eating purposes; thus the United States Government has been defrauded of a duty of 40 cents per gallon which should have been paid on those imports, and the honest importer who has entered the goods and paid the duty thereon is unable to compete and is virtually driven out of business. In other countries this very same difficulty has been encountered and has been obviated very successfully by a customs rule, that to all oils imported for machinery purposes a substance should be added which will make them absolutely inedible. Some countries have ruled that a small proportion of oil of rosemary be added under the supervision of the customs authorities at the port of entry, and while the addition of this oil of rosemary will leave the oil absolutely fit for machinery purposes, it will make it absolutely unfit for eating purposes; thus a great deal of work would be spared to the board of appraisers and the tariff revenue on this article would be vouchsafed and the honest importer would be saved from illegitimate competition.

Beans, under the present tariff, pay a duty of three-fourths of 1 cent per pound, still there is, for instance, one class of beans called "lupini," which, under the present tariff, is assessed a duty of 20 per cent ad valorem. Another class of beans, "lentils," under the present tariff, pays a duty of 25 per cent. The prices of just those two articles vary constantly and considerably, and there is always friction between the appraiser and the importer in regard to their value. Would it not be just that all these beans and peas be assessed the regular spe-

cific duty of three-fourths of 1 cent per pound, or smaller, if the tariff committee should see fit?

Salt fish in barrels, like herring, mackerel, etc., are assessed a specific duty of one-half cent per pound of net fish. To arrive at the net weight of the fish contained in the packages, the weigher is obliged to take the contents from a certain percentage of packages on arrival of each shipment. Some of those fish, like Norway mackerel, for instance, are very expensive, a barrel costing sometimes from $40 to $50. It very frequently happens—in fact it is an almost daily occurrence—that those packages weighed in the aforesaid manner become partly and sometimes totally worthless, as it would be impossible for the weigher to replace the fish into the packages in the same condition and put back the brine which has leaked out and which is absolutely necessary for the preservation of the fish to avoid these absolutely unnecessary losses. Mackerel are always imported in barrels of uniform weight, 200 pounds of net fish per barrel. Norway herring, for instance, are always imported in barrels containing 100 kilos or 220 pounds of net fish. Scotch and Holland herring sometimes vary. The undersigned respectfully beg to suggest that a uniform specific rate of duty be applied to all those fish. Probably a certain just percentage of tare could be allowed to be deducted from the gross weight of the packages.

Trusting that these recommendations will be kindly received by your committee, the undersigned beg to remain,

Most respectfully, yours,

GUSTAVE PORGES,
Secretary of the Strohmeyer & Arpe Company.

HONEY.

HARRISBURG, PA., *November 14, 1908.*

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

HONORABLE SIRS: At the convention of the Pennsylvania State Bee Keepers' Association, held at York, Pa., on November 12 and 13, 1908, the resolutions committee submitted the following resolutions, which the association directed the secretary to forward to you at once for your most respectful consideration:

Resolved, That it is the sense of the Pennsylvania State Bee Keepers' Association that it is imperative for the continuation and furtherance of the bee-keeping industry that a duty equal to or greater than the present schedule of 20 cents per gallon on honey be included in the forthcoming tariff law to be framed in the extra session of Congress after March 4.

Resolved, That as a means of combating bee diseases it is desirable that a duty of at least 10 cents per pound be placed on beeswax.

Yours, very truly,

A. F. SATTERTHWAIT,
Secretary-Treasurer Pennsylvania State Bee Keepers' Association.

NURSERY STOCK.

FISHKILL-ON-HUDSON, N. Y.,
November 17, 1908.

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: As we look for a modification of the tariff in the near future and as you are a man who has a great deal to do in shaping these matters, I beg herewith to lay before you for information and for such action as may be proper two letters from growers of nursery stock and particularly roses. Jackson & Perkins Company, Newark, Wayne County, N. Y., and the L. Green & Son Company, Perry, Ohio, request full protection on the growth of roses. The rose is the most important commercially of all cultivated flowers.

Respectfully, yours,

BENJAMIN HAMMOND,
Chairman Legislative Committee, Society American Florists.

NEWARK, N. Y., *November 12, 1908.*

Mr. BENJAMIN HAMMOND,
Fishkill, N. Y.

DEAR SIR: As a member of the tariff committtee of the Society of American Florists we would earnestly urge that you report to the Ways and Means Committee of Congress as favoring an increase of the present duty upon imported rosebushes. We think that the present duty of 2½ cents per plant is hardly adequate for the protection of American growers. The worst competition, of course, comes from Holland, where, besides the advantage of labor costing about one-third what we pay, they have a rich, always-moist soil and a hot summer climate, a combination producing rapid, forced growth almost the same as hothouse conditions. Of course, rosebushes grown under these conditions are soft, pithy stuff and do not succeed well in our dryer climate. But they are cheap even with the duty of 2½ cents added and in a large measure they fix the wholesale price.

Looking back in our invoice book to 1895 and 1896, before the Dingley tariff went into effect, we find that the present wholesale prices average just about 1 cent higher than then. This would be an increase of about 15 per cent, but it is more than offset by an increase of fully 40 per cent in labor cost and corresponding increases in other expenses of growing. We believe that a duty of 5 cents per plant would afford only reasonable protection to American growers.

From figures obtained at the New York custom-house we learn that there are nearly 2,000,000 rosebushes imported annually. We presume that fully seven-eighths come from Holland, and we think something should be done to prevent this country from being flooded with these Holland rosebushes, both for the protection of American growers and because they are not suited to climatic conditions here and do not give good results. We hope you can consistently report in favor of increasing the present duty.

Yours, truly,

JACKSON & PERKINS CO.

PERRY, LAKE COUNTY, OHIO, *November 14, 1908.*

MR. B. HAMMOND,
Fishkill, N. Y.

DEAR SIR: We understand that there is some agitation relative to removing the tariff from rosebushes imported into the United States.

This, we think, would be a very serious matter for the American producer, as it is a hard enough proposition now to dispose of all our products in this line with the present rate of duty.

In our opinion this duty should be doubled to 5 cents per plant in place of 2½ cents rather than reduced or removed, and we believe we are voicing the general sentiment of the nursery people when we make this statement.

Hoping you can see your way clear to help us out in the commodity, if the opportunity presents itself, we are,

Very truly,

L. GREEN & SON COMPANY.

ROCHESTER, N. Y., *November 16, 1908.*

HON. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: In regard to the revising of the tariff on nursery stock we advocate as follows: We favor a free list for all seedling fruit-tree stocks and forest seedlings, also on all cutting plant layers and all young plants which it takes two or three years to grow into suitable size for the amateur landscape gardener and park superintendent to plant out into a permanent place for future profit or effect in the landscape. These above small plants, when imported the usual sizes, should be treated as raw material, like wool or any other item, to be worked up by our own workmen into a finished product.

We are, however, decidedly opposed to allow roses, fruit and ornamental trees, which are grown to a size to plant out for permanent effect, to be brought into the country without a sufficient duty is imposed on them to protect us in our business. In cases where such plants do not come into competition with labor here we would admit them free of duty.

There are annually nearly 2,000,000 roses imported into this country from Holland, where the wages, $2.50 per man per week, come into competition with our $9 per week labor. We ask that the duty of 2½ cents per plant be increased to 5 cents per plant to equalize the situation. Perhaps 1,000,000 of above plants are sold in department stores, and here at Rochester we have known three large stores to run each other down to 3 cents a plant. Under such circumstances, customers laugh at us when we try to sell them roses and flowering shrubs as they can buy them at wholesale prices. What a howl would go up if the boot and shoe trade, tailor business, or, in fact, any other business was similarly affected as is our business. Hoping you will assist in giving us the relief asked for, we remain,

Yours, admiringly,

JOHN CHARLTON & SONS,
University Avenue Nurseries.

NEWARK, N. Y., *November 12, 1908.*

Hon. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: As the Representative in Congress from this district and as Chairman of the Ways and Means Committee we would like to solicit your assistance in securing an increased duty upon imported rosebushes. The present duty is 2½ cents per plant, but this duty does not adequately protect American rose growers from the competition of European nurserymen, especially those in Holland. The writer was in Holland last summer and had opportunity to investigate personally the conditions obtaining there. Besides the advantage of cheap labor, costing about one-third what we have to pay here, the Hollanders have a rich, always moist soil and a hot summer climate, a combination producing rapid, forced growth, almost the same as hothouse conditions. Rosebushes grown under these conditions are soft, pithy stuff, which do not succeed well in our drier climate and soil. The public does not understand that, however, and as the plants are cheap, even with the duty of 2½ cents added, they fix the wholesale prices in this country to a large measure.

Looking back in our invoice book to 1895 and 1896, before the Dingley tariff went into effect, we find the present wholesale prices average just about 1 cent higher than they were then. This would be an increase of about 15 per cent; but it is more than offset by an increase, since 1896, of fully 40 per cent in labor cost and corresponding increases in other expenses of growing. We believe that a duty of 5 cents per plant would afford only reasonable protection to American rose growers.

From figures obtained at the New York custom-house, we learn that there are nearly 2,000,000 rosebushes imported annually. We believe that fully seven-eighths of these come from Holland, and they kill the trade in this country by fairly swamping the market with this inferior stuff.

We hope that you can see your way to urge an increase of the duty to 5 cents per plant, or at least some increase over the present duty.

Very respectfully, yours,

JACKSON & PERKINS COMPANY.
Rose Growers and Nurserymen.

JACKSONVILLE, FLA., *November 16, 1908.*

Hon. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: We understand that the Ways and Means Committee will give hearings with reference to the tariff schedule on November 10 and December 4, and as we further learn that there is a movement on foot to reduce or eliminate the present tariff of 2½ cents per plant on rosebushes, we take this opportunity to petition your honorable committee to leave this duty where it is, or, if any change is to be made in same, to raise it to 5 cents per plant.

If your honorable body would investigate the matter, you will find the chief competition to American-grown roses comes from Holland, growers who produce their plants with cheap labor, costing about one-third of what the American growers pay their help.

In addition to this, their plants are grown in a moist soil, with humid summer climate. This combination of conditions produces rapid, forced growth, which is tender and makes the plant unfit for American outdoor planting.

The reduction or elimination of this tariff would fill the department stores and such places with cheap rosebushes that would be both unsatisfactory to the planter and detrimental to the American rose grower, as they could not sell their plants in competition with the cheap importations from Holland.

Trusting that your honorable committee will consider this matter, and if any change is to be made in the schedule that it be raised to 5 cents per plant, we beg to remain,

Yours, very truly,

THE GRIFFING BROTHERS COMPANY,
C. M. GRIFFING, *Secretary*,
Nurserymen.

PAINESVILLE, OHIO, *November 16, 1908*.

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington D. C.

DEAR SIR: We would respectfully ask you not to favor any reduction of duty on budded roses which are imported into this country in competition with the American stock.

The duty at present on rose stock for budding, called "manetti," which nurserymen import for budding purposes, might, with advantage, be taken off, as they can not be raised in this country to any extent on account of climatic conditions.

Yours, very truly, F. F. BERNARD,
Fairport Nursery.

GENEVA, N. Y., *November 14, 1908*.

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We notice in the papers that your committee is hearing expressions of opinion from manufacturers and business men regarding the proposed revision in the tariff.

As growers and distributers of American products, we desire to urge that the tariff on rose plants be increased rather than decreased, for reasons which are plainly obvious. Over 1,000,000 rosebushes are imported annually from Holland, much to the discomfiture of American growers, for the simple reason that the cost of labor and the production of roses in Holland is away below that of the States. For instance, Holland growers offer first-class plants in this country as low as $30 per thousand. American growers in buying the natural stocks pay $10 per thousand for these laid down in this country, and to this must be added the cost of planting, budding, and bringing to maturity, which can not be done and meet the price of our foreign competitors.

We should like also to present to your consideration the present duty on fruit seedlings. This we think might be decreased without injuring the trade of this country, inasmuch as fruit seedlings are not suc-

cessfully raised in the United States, outside of apple, and the French production is superior to the American in this line. Naturally the cost of the seedling in this country has somewhat to do with the selling price of the matured tree to the American public, and we sincerely hope that in this latter case the tariff will not be increased. As said before, we should be pleased to see a reduction, but we do most earnestly protest against any reduction in the tariff on rosebushes.

Respectfully, yours,

THE R. G. CHASE COMPANY,
O. G. CHASE, *Treasurer*,
The Chase Nurseries.

PERRY, LAKE COUNTY, OHIO,
November 14, 1908.

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We understand that there is some agitation relative to removing the tariff from rosebushes imported into the United States.

This, we think, would be a very serious matter for the American producer, as it is a hard enough proposition now to dispose of all our products in this line with the present rate of duty.

In our opinion, this duty should be doubled to 5 cents per plant instead of 2½ cents, rather than reduced or removed. And we believe we are voicing the general sentiment of the nursery people when we make this statement.

Hoping you can see your way clear to help us out on the commodity, if the opportunity presents itself, we are,

Very truly,

L. GREEN & SON COMPANY,
Western Reserve Nurseries.

SEEDS.

CLEVELAND, OHIO, *November 14, 1908*.

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

HONORED SIR: We are advised that your honorable committee intends to consider the tariff schedule of agricultural products, and so forth, November 18.

Permit us to ask that the advisability of changing the duty on seeds and bulbs from ad valorem to specific duty be considered.

At present the duty is based on market value, and as this is changing frequently it remains for some one to say what that value is, and if the prices entered do not agree with the prices decided upon by the appraisers, a penalty attaches.

Penalties imply attempted evasions, if nothing worse, and place honest men in an odious and unenviable position.

There is nothing in the list that can not be satisfactorily changed without loss of revenue to the Government. It may take a little time, but we sincerely hope that you will favorably consider the above suggestions.

Respectfully, yours,

A. C. KENDEL,
Seeds, Plants, and Bulbs.

FRESH-WATER FISH.

MEADVILLE, PA., *November 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means, Washington, D. C.

DEAR MR. PAYNE: Inclosed find letter from my personal friends of the Keystone Fish Company, Erie, Pa., concerning a provision for duty on fresh-water fish imported from Canada. They ask for a specific duty of 1 cent per pound instead of the present rate of one-quarter per cent per pound and also to eliminate the proviso which exempts the product of the American fisheries. I will be very glad if you will give the matter a close examination, as I am sure you will desire to do.

Very truly, yours, ARTHUR L. BATES, M. C.

ERIE, PA., *November 13, 1908.*

Hon. ARTHUR L. BATES, M. C.,
Washington, D. C.

DEAR SIR: We would respectfully ask your attention to the question of tariff revision relative to the duties on fresh-water fish imported from Canada. The present duty on fresh-water fish is one-fourth of a cent per pound. The law, however, carries a proviso as follows: "Except the product of American fisheries." This proviso has enabled some importers to bring fish in free of duty, this being the case at the port of Sandusky, Ohio, of which we know positively. Very likely there are others of which we do not know.

Relative to the justice of imposing a higher duty on fresh-water fish, would say the Canadian fish are produced, first, with a much lower labor cost, averaging per season from $1,200 to $1,500 less for each tug operating with 6 men; second, the cost of the netting used averaging about $500 less per tug, due to duty imposed on linen thread in this country. This cheaper netting which is used by Canadian fishermen is mostly manufactured in the United States, and on account of rebates allowed the manufacturer on exported goods by this Government enables them to secure their fishing rigs at the above lower cost than tugs operating in American waters.

The average catch of tugs on Lake Erie per year's season is from 100 to 125 tons of fish. At the present rate of duty, one-fourth of a cent per pound, this would mean from $500 to $600 duty on each tug's catch. The difference of the cost of operating and the duty charged, you will note, is approximately from $1,200 to $1,500, the duty merely offsetting the increased cost of netting. Were this duty increased to at least 1 cent per pound, you will readily see the difference in favor of the Canadian fishermen would be about evened up.

The shipping facilities and the freight and express rates from Canadian ports to the markets of this country are practically the same as from the ports on the American side; consequently nearly all the fish produced on the Canadian side come to this country for consumption.

The present rate of duty on fresh-water fish amounts to about 10 per cent on the cheaper grades and 5 per cent on the higher grades

of fish, while we note that most other American goods are protected with a duty of from 25 to 100 per cent.

We would therefore ask you to look into this matter and advocate at least a specific duty of 1 cent per pound instead of the present rate, and also eliminate the proviso "excepting the product of American fisheries."

Any further information you may wish will be gladly given you.

Yours, respectfully,

KEYSTONE FISH COMPANY,
A. J. WEIS, *Treasurer.*

OLIVES.

NEW YORK, *November 14, 1908.*

Committee on Ways and Means,
House of Representatives, Washington, D. C.

GENTLEMEN: As chairman of the committee of three appointed to represent the olive importers of the United States before your committee, I beg to submit for your consideration the following preliminary brief—

That the present rate of duty on green cured olives (15 cents per gallon), being equivalent to 40 per cent on the average cost per gallon of edible olives in the country of origin, is excessive.

That green edible olives, being noncompetitive product, should be taxed for revenue only.

That a reduction in the present rate of duty from 15 to 10 cents per gallon will enable the importers of this commodity to so increase the quantity of such olives consumed that the revenue to the Government will be increased.

It has been demonstrated that the production of olives of a similar character to those imported from Spain is impossible in this country, because of climatic and other conditions. The olives produced in California are of an entirely different character, containing a much greater percentage of oil, being entirely different in the texture of the pulp, and furthermore being impossible of distribution in the same channels as at present are employed in the distribution of Spanish olives, because from the nature of the fruit California olives will not keep in wooden or glass packages, such as are used in the distribution of olives; aside from this, the maximum production in California, according to California authorities, of both ripe and green cured olives, is less than 5 per cent of the total consumption of Spanish olives in the United States. Of this 5 per cent not more than a quarter are of the green cured variety.

The total volume of the annual business in Spanish olives in the United States is about $3,000,000. Of this about $1,200,000 represents the cost of the olives themselves, duty paid. Some $500.000 of this represents salaries and wages, and about $1,000,000 represents bottles, corks, metal caps, labels, and other articles of domestic manufacture which are used in packing olives for distributing to the consumers; so that, in order to market $1,200,000 worth of olives from Spain, we have to use of American manufactures and labor about $1,500,000 worth. By increasing the importations of olives we can

increase the quantity of domestic manufactures used in the distribution of the goods, and increase the facilities to the consumer.

From statistics available for the past twelve years we believe that the average income to this Government from the duties on olives at 15 cents per gallon has been about $240,000 per year. We believe that the incentive which a reduction in that duty would give to the business would make it possible to increase the importations of Spanish olives to a point where the revenue to the Government would exceed $240,000 per annum. The present duty of 15 cents per gallon represents 100 per cent on the value of the olives at the point of shipment of about 40 per cent of the olives imported. As the varieties represented by this 40 per cent of the importations are the cheaper grades of olives, because they are produced in much larger quantities than the other varieties, they are nevertheless the most desirable olives to eat, we firmly believe a reduction of the duty will materially stimulate the consumption.

We believe that investigation will substantiate the statements here made, and in submitting this brief we ask the privilege of supplementing it with further proofs indorsed by the largest handlers of food products in this country.

Very respectfully,

H. C. Newcomb,
Chairman Olive Committee.

OLIVE OIL.

New York, *November 13, 1908.*

Hon. Sereno E. Payne,
Chairman Ways and Means Committee,
Washington, D. C.

Dear Sir: As one of the large manufacturers of domestic castile soap, we wish to petition you for a more favorable adjustment of the tariff regulations on olive oil, that we may save this particular part of our own business from absolute destruction. At the time the present tariff was made commercial olive oils had been selling as low as 45 cents a gallon, seldom ranging as high as 55 cents. Edible oils were never imported at a less cost than 60 cents, these latter being only the cheap grade. The tariff, therefore, imposed a duty of 40 cents a gallon on all olive oils entering this market at a cost of 60 cents or over. Latterly, however, owing not only to shortage of crop, but to a very much increased use of olive oil in foreign industries, the market price gradually increased until it became impossible to import commercial olive oil at a cost of less than 60 cents. It, therefore, assumes the tariff that was intended for the edible grade and practically takes it out of the manufacturing grade. On the other hand, while the domestic manufacturer is handicapped by a penalty of 5 or 6 cents a pound because of the 40 cents per gallon duty, the foreign maker is able to bring his soap into the market at an increase of only 1¼ cents a pound, thus imposing a most unfair penalty upon the domestic industry and so great, indeed, as to practically force it to the wall. We would respectfully petition your committee that a readjustment be made on the tariff relating to the olive oil, and also that a duty of 7 or 8 cents a pound be placed upon the imported castile, so that in the

future, when our domestic industry is confronted with a short crop or a corner in the oil market by foreign dealers, we may not be subjected to the ignominy of having to close down our plants while the foreign maker floods our markets with his products.

Respectfully,

HALL & RUCKEL,
Wholesale Druggists.

NEW YORK, *November 13, 1908.*

Hon. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: We note from the New York papers that your committee are now considering articles affected by Schedule A of the Dingley tariff, and this schedule, no doubt, contains the items referring to olive oil and yellow malaga olive oil, both of which are very largely used in manufacturing, particularly by soap makers. At the present time we are having a most difficut task to procure this oil for our purpose without paying the arbitrary duty of 40 cents per gallon, which is so excessive that we only have two alternatives—one to discontinue the use of the olive oil, or to increase our prices to the consuming public. We desire to give the public the very best soap that can be made and at a price that they can afford to pay for it, but in paying 40 cents our profit is entirely absorbed. You are no doubt familiar with this provision, which, as we understand, provides that when olive oil reaches a price of 60 cents per gallon in Europe, it then requires paying an import duty to this country of 40 cents per gallon. When the crops are short, or for other reasons, you can readily perceive that this works a great injustice upon manufacturers, which is neither reasonable nor logical.

We based our price upon the yellow malaga at 55 cents per gallon and now are asked to pay from $1.10 to $1.25 per gallon for the identical oil. Is it not possible to arrange this schedule on a more fair basis either by a certain percentage of the cost or raising the arbitrary price from 60 cents to, say, 80 cents per gallon?

We trust that you will give this matter due consideration and we have taken the liberty of addressing the same letter to each member of the committee.

Very truly, yours,
SAPONOL CHEMICAL COMPANY,
Per B. S. MCKEAN, *Treasurer.*

NEW YORK, *November 12, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We respectfully call your attention to the lack of protection to the domestic manufacturer in the tariff on castile soap.

Under the present tariff the duty on castile soap is only 1¼ cents a pound. The duty at present on yellow olive oil used in the manufacture of white castile soap is 40 cents a gallon, equivalent to a tax on the domestic soap of from 4 to 5 cents a pound, according to the method of manufacture.

The domestic manufacturer is therefore unable to compete with the foreign soap, and our large business in white castile soap is now entirely wiped out. For certain purposes in the textile industry to which we cater, especially the manufacture of silks, there is no substitute for the pure white castile soap, so that mills requiring such soap are now buying the imported article, to our great loss.

We earnestly urge relief from these ruinous conditions by a revision of the tax on all castile soaps from 1¼ cents a pound to not less than 5 cents a pound.

Respectfully, yours,

THE HOLBROOK MANUFACTURING COMPANY.
By STANTON M. SMITH.

PINEAPPLES.

ST. PAUL, MINN., *November 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: I have the honor to submit for the consideration of your honorable body a proposed revision of paragraph 268 of the tariff law of 1897, tending to remove in a measure the unjust discrimination now existing against American growers and in favor of Cuban growers of pineapples in the American markets. It is proposed to amend this paragraph as follows:

269. Pineapples, in barrels and other packages, twenty cents per cubic foot of the capacity of barrels or packages; in bulk, twenty dollars per thousand.

The American grower is handicapped from three principal causes: First. An excess of 29¼ cents per crate in the rate of transportation (69 cents) from Fort Pierce, Fla. (the center of the pineapple district), to New York (the distributing point), over the rate (39¾ cents) from Habana to New York. Second. An excess of 16 cents per crate in the cost of labor ($1.50 per day) over the wages (about 75 cents per day) paid Cuban labor. Third. An extra expense of 40 cents per crate in the cost of fertilizers, where little or no fertilizer is required on Cuban soil.

The present duty is 7 cents per cubic foot, or 16 cents per crate (10 by 12 by 33 inches, or 2.29 cubic feet), less 20 per cent under the Cuban reciprocity act of December 17, 1903, or 12.8 cents net per crate.

To equalize conditions between the American grower and his Cuban competitor, taking into consideration the 20 per cent reduction which the latter enjoys, the following protective rates per cubic foot (as expressed in the language of the present act) are needed by the American grower:

(1) To cover 29¼ cents excess in transportation, 16 cents per cubic foot (16 by 2.29 less 20 per cent=29.31 cents).

(2) To cover 16 cents difference in labor, 9 cents per cubic foot (9 by 2.29 less 20 per cent=16.47 cents).

(3) To cover 40 cents extra cost of fertilizer, 22 cents per cubic foot (22 by 2.29 less 20 per cent=40.31 cents).

Total handicap on the American grower, 47 cents per cubic foot of packages.

These estimates are conservative and the proposed remedial duty of 20 cents per cubic foot will only to a limited degree protect the American grower against the cheaper grade of pineapples shipped from Cuba at a profit under conditions against which the American producer can not compete.

My permanent address is Fourth and Broadway, St. Paul, and while I represent the Minnesota Cooperative Plantation Company as its vice-president this matter is of equal interest and importance to a large number of investors in every State of the Union.

Very respectfully,

NORMAN FETTER,
Vice-President Minnesota Cooperative Plantation Company.

PEANUTS.

CUBA LANDING, TENN., *November 9, 1908.*

Hon. T. W. SIMS,
Washington, D. C.

MY DEAR MR. SIMS: Whereas the Tennessee Peanut Association passed resolution in convention on July 31, 1908, asking Congress to raise the duty on foreign-grown peanuts from 1 cent a pound to 2½ cents a pound, we respectfully ask you, in the name of the Tennessee Peanut Association, to use your influence in our behalf, as we believe it will be to our interest to have this done. We are a chartered and incorporated body under the laws of the State of Tennessee, having no capital stock; therefore we are working for the best interests of the peanut growers of Tennessee, and ask your support to that end.

I am, yours, very truly,

W. C. PACE,
Secretary Tennessee Peanut Association.

SALT.

NEW YORK, *November 17, 1908.*

House of Representatives,
Committee on Ways and Means, Washington, D. C.

GENTLEMEN: We beg to protest at high rate of duty of 8 cents per hundred pounds on Turks Island salt, as we think it is entirely unnecessary to place such a high duty on such a commodity.

This salt we are selling at 5 cents per bushel of 80 pounds at Turks Island and to have such a high rate of duty we feel as it is entirely too much.

We leave this to the consideration of your committee, and if you wish any further information, Mr. Charles Henry Mattlage, of our firm, would be pleased to furnish you with the same.

Trusting you will give this your kind consideration, we remain,

Yours, very truly,

CHAS. F. MATTLAGE & SONS.

TAPIOCA.

NEW YORK, *November 17, 1908.*

HON. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: We respectfully request you to retain on the free list sago, tapioca, and cassava flours, now imported from the East Indies. Several important industries depend on these goods being on the free list. The starch trust, known as the Corn Products Refining Company, have used their influences in both the Treasury Department and the Department of Agriculture to have the starch duty imposed on the above products. Fortunately they were unsuccessful in this. The Supreme Court of the United States has rendered the decision in the case of Chew Hing Lung *v.* Wise, Collector, argued December 11–12, 1899, decided January 22, 1900. The decision conveys that tapioca flour is not starch in the same sense as cornstarch is starch, and that the same must be retained on the free list.

We are, yours, respectfully,

THE ABE STEIN COMPANY.
H. HAUSTON HIERS.

TEA.

CHICAGO, *November 16, 1908.*

MR. WILLIAM K. PAYNE,
Clerk Committee on Ways and Means,
House of Representatives,
Washington, D. C.

DEAR SIR: Our firm having sold teas along the Canadian border for several years finds, with other firms in the United States doing business in the tea trade, that we are severely and unjustly handicapped by Canadian competitors shipping teas to the trade in this country with the benefit of entering them free of duty, while firms in the United States wishing to do business in Canada are confronted with a prohibitive duty of 10 per cent.

The utter unfairness of the situation is very apparent, and we trust that your committee will equalize matters by putting us in a position to meet this competition by affixing a duty on any and all teas entering the United States from Canada of 10 per cent in retaliation. We are merely voicing the sentiments of the wholesale grocery trade of the United States, because it affects their business.

Respectfully submitted.

JOHN C. SIEGFRIED & CO.